Appropriations Committee
JOINT FAVORABLE REPORT

Bill No.: HB-7254
Title: AN ACT CONCERNING THE DEPARTMENT OF SOCIAL SERVICES' IMPLEMENTATION OF CHANGES RESULTING FROM THE MEDICAID RATE STUDY.
Vote Date: 4/24/2025
Vote Action: Joint Favorable Substitute
PH Date: 4/3/2025
File No.:

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SPONSORS OF BILL:

Appropriations Committee

REASONS FOR BILL:

In order to ensure that Medicaid rates are regularly assessed for effectiveness, equity, and alignment with current healthcare costs, this bill requires the Commissioner of Social Services to submit annual reports on the implementation of the Medicaid rate study, and to conduct a comprehensive review and rebasing of Medicaid reimbursement rates every five years, beginning in 2030. These measures aim to support a fair, data-driven reimbursement system that adequately reflects evolving service delivery standards and ensures appropriate compensation for providers.

RESPONSE FROM ADMINISTRATION/AGENCY:

Jeffrey Beckham, Secretary, Office of Policy and Management – Secretary Beckham submitted testimony opposing the bill. He expressed his concern that the provisions of the bill go well beyond the Statement of Purpose, which indicates the purpose of this bill is to "require a report on the implementation of the Medicaid rate study and a review of Medicaid rates". He wrote the OPM is opposed to putting in statute language that obligates future legislatures, as he believes it is essential that the Executive Branch and the Legislative Branch have the flexibility to decide – based on the state's fiscal circumstances at the time – the extent to which funding is available to support Medicaid rate increases. Further, he wrote that rate increases must be tied to funding that has been allocated specifically for that purpose and that are based "on a careful review by the Department of Social Services, in consultation with the Office of Policy and Management, to determine where funding can best

be targeted to strengthen access and improve quality, outcomes and, ultimately, reduce spending on acute care services."

Andrea Barton Reeves, Commissioner, Dept. of Social Services – Commissioner Barton Reeves submitted testimony in opposition to the bill. She wrote that while DSS appreciates the intent of the bill and supports conducting scheduled review of Medicaid rates, the agency cannot support the bill as written, as DSS is concerned that the bill does not allow for a predictable rate evaluation process as recommended in the Medicaid rate study. In addition, she believes that conducting a compressed rate study in one year, as proposed, is not possible for the agency to implement due to the number of services covered. For context, the Commissioner wrote that the Medicaid rate study that was finalized this past January was conducted over a two-year period at a cost of $3 million. She explained that the completion of an extensive rate study every five years as proposed in the bill would require additional support, staff and funding. Instead, she supports the development of a rate review process as recommended in the Medicaid rate study, which DSS believes would provide a thoughtful and collaborative approach that can potentially be managed within available resources.

Commissioner Barton Reeves wrote that the rate study found that a consistent schedule for DSS rate reviews was absent, with rate increases typically given to provider groups that "had better lobbying efforts or were able to secure funding through legislative channels". Given that finding, she shared that DSS is developing a rate evaluation schedule that will provide predictable and consistent reviews of Medicaid reimbursement levels. The evaluation process will span five years and repeat the cycle on a rolling basis at the conclusion of year five. She explained that throughout the five years, the entire Medicaid program will be evaluated for rate comparison to Medicare and benchmark comparisons to evaluate the adequacy of reimbursement levels. This rate evaluation schedule will support DSS in:

• Developing a rational rate setting process where rates are reviewed in a predictable timetable;

• Establishing a clear and transparent process for conducting rate reviews, including notice, public comment, and stakeholder input;

• Providing greater predictability to the providers, state budget, and Medicaid members;

• Establishing a formal schedule for regular rate reviews to help promote access and limit ad hoc requests;

• Making recommendations for adjustments within available appropriations;

• Considering ways to promote quality healthcare outcomes, and member access to services during each rate evaluation year.

She further explained that the process developed by DSS will also include stakeholders and committee review on recommendations for rate adjustments when appropriate. Members from the provider community, legislature, Medicaid members and others will be invited to participate and provide input. She added that DSS will not be able to make any rate adjustments absent an appropriation so collaboration and participation with the state budget office will be an important part of the discussion.

NATURE AND SOURCES OF SUPPORT:

Vincent G. Capece, Jr., President and CEO, Middlesex Hospital – Mr. Capece offered testimony in support of the bill. He recommended that hospital underpayment also be addressed, suggesting that Connecticut's hospital tax program, combined with other funding mechanisms, be used to strengthen and sustain the state's healthcare delivery system. Mr. Capece offered that a comprehensive approach would 1) address Medicaid hospital underpayment; 2) engage multi-sector partnerships; and 3) create a regional investment and accountability model.

Similar testimony was submitted by:

Connecticut Hospital Association
Daniel Keenan, Trinity Health of New England
Paul Mounds, Jr., Yale New Haven Health System
UConn Health
Crista Durand, Hospital for Special Care
Melissa Riley, Hartford Health Care
James Shmerling, Connecticut Children's Medical Center
Kathleen Silard, Stamford Health
Kyle Kramer, Day Kimball Health
John Murphy, MD, Nuvance Health

Connecticut State Medical Society – Testimony submitted by the CT State Medical Society (CSMS) stressed the importance of addressing the inadequacies that exist regarding reimbursement rates. However, CSMS pointed out that the rate study did not include a comprehensive review of all physician specialties and subspecialties. As a result, the organization expressed concern that under the language of the bill, certain areas of care may see adjustments while some physicians may remain excluded from rate increases. CSMS added that should reimbursement rates remain inadequate for any specialty or subspecialty, there will be a significant drop in Medicaid participation, which will "even further impede access to care in that specialty". The organization advised that physician rate adjustments cannot be done specialty by specialty, as such a piecemeal approach is part of what led to the current imbalance, with some codes being adjusted on a one-off basis for certain specialties while others remain stagnant. They urged a holistic, equitable approach to reimbursement rates to ensure fairness across all specialties in order to protect patient access to care.

Similar testimony regarding physician specialties and subspecialties was offered by the following:

Dr. Dan Freess, CT College of Emergency Physicians
Dr. Anthony Yoder, American College of Physicians
Dr. John Satterfield, CT State Society of Anesthesiologists
Dr. Gregory Shangold

Dr. MaryKate Conboy, New Haven Dental Practitioner – Dr. Conboy urged the committee to consider the "unique circumstances" regarding setting dental Medicaid rates. She wrote that unlike most medical services, the majority of dental procedure codes are not covered by Medicare, rendering it an unreliable benchmark for dental care. She added that comparing Connecticut's rates to those of other states—such as Maine, Massachusetts, New Jersey, New York, and Oregon—does not provide an accurate basis for establishing rates, as each of these states uses different methodologies, that reflect their own regional priorities, not the actual cost of care delivery in Connecticut. Dr. Conboy suggested that a more precise and sustainable approach would be for DSS to adopt FairHealth as the basis for setting dental Medicaid reimbursement rates. She shared that FairHealth is an independent, nationally recognized database built on actual claims data, including for dental services. It can be filtered by ZIP code, allowing rates to reflect the true cost of providing care in specific areas of the state. She believes that adopting this approach would ensure that rates are data-driven, equitable, and regionally appropriate.

Roberta Friedman, Board Member, Connecticut Oral Health Initiative – Ms. Friedman submitted testimony in support of increasing Medicaid dental reimbursement rates. She wrote that Medicaid dental reimbursements rates are unsustainably low, leading to the reduction or elimination of Medicaid dental care in community health centers, hospitals and private dental practices, healthcare facilities that Medicaid patients rely on for most of their care. She explained that low reimbursement rates are "driving a Medicaid dental crisis", forcing enrollees to either wait months for appointments or do without dental care entirely. Ms. Friedman explained that raising reimbursement rates would keep more providers in the system. She encouraged the state to set reimbursement rates closer to those of commercial insurance companies to reflect the actual costs of care, thereby helping to ensure continued access to HUSKY dental care for enrollees. Lastly, she wrote of the consequences of people being unable to receive preventive dental care, such as costly emergency room visits, and the development of diabetes complications, heart disease, and other serious health conditions.

Similar testimony was offered by the following:

Dr. Allen Hindin
Dr. Lawrence Lipton
Dr. Brianna Munoz
Kathlene Gerrity, Connecticut State Dental Association

Mario D'Aquila, MBA, COO, Assisted Living Services, Inc – In addition to adding his support for the bill, Mr. D'Aquila requested an increase in Medicaid waiver program reimbursement rates. He wrote that his agency provides services to over 400 seniors funded through Medicaid waiver programs such as the Connecticut Home Care Program for Elders. Mr. D'Aquila explained that without an adjustment this year, agencies like his won't be able to financially sustain taking on new Medicaid waiver clients.

Arlene Dworkin Kaye, Public Policy and Legislative Chair, Connecticut Association for Behavior Analysis, Clinical Director at Benhaven Children's Behavioral Services – Ms. Dworkin Kaye wrote of the current challenges experienced by families due to the lack of access to applied behavior analysis (ABA) services in the state. She shared that this

legislation would assure oversight of Medicaid reimbursement rates for ABA/Autism services, which she stated are currently funded at levels significantly below Connecticut's neighboring states. She explained that low rates of reimbursement contribute to the difficulty that Medicaid families face when looking for providers. Additionally, she shared that the Medicaid rate study identified a number of areas of need regarding Autism Medicaid services.

Deirdre Flannery, Senior Director, Quest Diagnostics – Ms. Flannery submitted testimony in support of the bill in the hopes that payment policies for laboratory services will be addressed. She wrote that the rate study does not fully reflect independent laboratory reimbursement under the HUSKY program. She urged the legislature to direct DSS to rationalize the payment policies for laboratory services across the spectrum of providers performing testing for HUSKY members.

Mark Masselli, President and CEO, Community Health Center, Inc – Mr. Masselli spoke to the impact of reimbursement rates on the 17 community health centers located in the state, – all of which are also designated as federally qualified health centers (FQHCs). He remarked that while each health center is unique, they all share the belief that Connecticut has failed to live up to the federal public policy guaranteeing cost-based reimbursement for FQHCs. He shared that the Myers and Stauffer report commissioned by DSS revealed that Connecticut's Medicaid reimbursement rates are "shockingly low" when compared to the average rates of five peer states: Maine, Massachusetts, New Jersey, New York, and Oregon. Mr. Masselli stated that the annual rate reviews that were the intent of the original, bi-partisan legislation establishing FQHCs have been neglected, and the reviews that occur are "unevenly addressed and implemented". He expressed his belief that should the legislature fail to act on reimbursement rates this session, the result will be "chaos in our primary care delivery system and a further erosion of this vital safety net".

Similar testimony was offered by the following:

Deb Polun, Chief Strategy Officer, Community Health Center Association of CT
Karen Daley, Optimus Health Care, Inc.
Joanne Borduas, Community Health and Wellness
Jeffrey Steele, First Choice Health Centers
Sabrina Trocchi, Wheeler Community Health Care
Melanie Wilde-Lane, CT Association of School Based Health Centers

Matthew Barrett, President and CEO, Connecticut Association of Health Care Facilities / Connecticut Center For Assisted Living – Mr. Barrett shared that the Governor’s proposed budget continues the decades-long policy of eliminating skilled nursing facility statutory inflationary increases. He stated that providing inflationary increases is critically important to Connecticut’s skilled nursing facilities, as rates have not been adjusted for inflation since 2022. Mr. Barrett spoke to how the Medicaid rate study underscores how Medicaid providers across the system are losing ground year after year because of policies that do not adjust for increased inflation and costs. He shared that fifteen nursing homes have closed since 2021, and that skilled nursing facilities across the state report that their Medicaid rates are falling considerably behind. Mr. Barrett spoke of the collaboration between skilled nursing facilities and state policy makers on a wide range of oversight and rate reforms. He expressed

concern that the failure to address this underlying and foundational inflationary adjustment issue in the rates undermines important initiatives being developed.

Mag Morelli, President, LeadingAge Connecticut – Ms. Morelli expressed appreciation for the Appropriations Committee's endorsement of the Medicaid rate study, and the hope that Medicaid rates will be updated on a predictable schedule in order to maintain the integrity of the fee schedules and rate systems. She shared that Medicaid providers have struggled over the years to serve the older adult Medicaid client under the current reimbursement rates, and many providers are finding it increasingly difficult to stay in the program. She stressed that in order to maintain a strong network of providers, the rates of reimbursement for community based providers must be increased to sufficient levels to cover the cost of providing the care, and the newly rebased nursing home rates must be continually updated so as not to revert to unsustainable rates. Ms. Morelli warned that without an increase, the state runs the risk of losing ground on the strides that have been made in transforming Medicaid program and rebalancing the system of aging services and supports.

Greg Allard, President, Association of Connecticut Ambulance Providers – Mr. Allard offered support on behalf of the members of the association, writing that the association supports requiring DSS to report on implementation of the rate study recommendations. He added that the association believes that a more frequent review of Medicaid rates is to ensure timely and effective rate adjustments.

Tracy Wodatch, President & CEO, The Connecticut Association for Healthcare at Home – Ms. Wodatch testified that while the Association agrees that requiring DSS to report on the implementation of the Medicaid rate study is needed, reporting must be in conjunction with accelerated (not phased-in) Medicaid rate adjustments. In addition, she stated that the Association supports "the continual and dependable review" of Medicaid reimbursement rates, but that increases once every 5 years is "far too long given the unpredictability of costs, rapid growth of home care needs and critical workforce challenges". She suggested that rate reviews occur least every 2 years. Ms. Wodatch urged the Appropriations Committee to align Medicaid reimbursement rates with "the true cost of providing care".

Similar testimony was offered by the following:

Jamie Arber, The Supported Living Group
Chris Pankratz, Masters In Home Care, LLC
Caleb Roseme, Assured Quality Home Care

Teri Henning, Complex Care Home Health – Ms. Henning submitted testimony on behalf of Continuous Skilled Nursing (CSN) home health providers in support of continuous review of Medicaid provider rates. The testimony outlined that Complex Nursing Care is a critical service for children and adults with medically complex conditions requiring highly skilled, in-home nursing care for more than two hours per day. Many patients require feeding tubes for nutrition, tracheostomy tubes to maintain airways, or ventilators to help them breathe, live, and grow safely in their homes and communities. Further, CSN nurses provide an Intensive Care Unit level of care in the homes of the families served, "absent the indignity, significantly higher cost, inconvenience, and disruption to family life experienced with hospitalizations or long-term institutional care – the only alternatives to the services we provide". The testimony pointed out that the Phase 2 rate study findings and recommendations do not specifically

highlight CSN rates in relation to benchmarking and as distinct from home health rates, The CSN providers expressed concern that legislation supporting rate study-related increases may inadvertently leave out Complex Nursing Care services.

Carmen N. Clarkin M.P.H Research & Policy Associate Connecticut Voices for Children and Rei Marshall MPH/MBA Candidate Yale Schools of Public Health and Management – CT Voices for Children submitted testimony outlining the health disparities in the state, with low-income communities and communities of color experiencing significantly higher rates of chronic illness and premature death, largely due to barriers to consistent, high-quality care. The organization believes that this bill is a vital step to help ensure that Medicaid rates can be increased appropriately in the future, and that ongoing rate reporting is a crucial first step towards "a more just and equitable healthcare landscape for Connecticut's low income patients and the providers that care for them". Ms. Clarkin and Ms. Marshall expressed concern that the additional reporting and assessment requirements called for in the bill may "absorb already limited financial resources and personnel hours from DSS that are currently being used to provide other necessary services". They suggested that it will be important to both streamline the reassessment process and ensure that DSS is appropriately funded and staffed to perform these important tasks. With that in mind, they requested an amendment to subsection (b), as they believe that conducting a full-scale rate study every five years is financially and administratively burdensome for DSS. They proposed that the language be amended to require a streamlined reassessment of Medicaid reimbursement rates every five years, utilizing available administrative and claims data, stakeholder feedback, and prior findings from the 2023 Medicaid Rate Study, as opposed to a full reassessment study unless the Commissioner determines a full-scale study is necessary. They believe that their proposal offers a more sustainable alternative by leveraging existing administrative and claims data, engaging stakeholders, and building upon the findings of the comprehensive Medicaid rate study. Additionally, they posited that the language would maintain transparency and oversight, while allowing the DSS Commissioner the discretion to conduct a full study when deemed warranted.

Bree Sanca, VP for Behavioral Health, Elara Caring – Ms. Sanca spoke in support of requiring regular reporting on implementation of the reimbursement rate plan for Medicaid provider rate increases, as well as establishing routine and planful updates to rates. She shared that Medicaid home health rates have not been "materially updated" since 2007, and that behavioral health home care providers have been challenged due to the 15% cut in the rate for medication administration in 2016. Ms. Sanca expressed concern that the rate study indicated that home health medication administration in Connecticut did not have a comparison state to serve as a benchmark when comparing rates. She shared that her company provides this very service in Massachusetts and that the reimbursement rate is substantially higher. She urged that home health medication administration be recognized as the behavioral health service that it is.

Ben Shaiken, Director of Government Relations, CT Nonprofit Alliance (The Alliance) – Mr. Shaiken urged the Appropriations Committee to immediately increase rates for Medicaid Behavioral Health. He stated that Medicaid rate study found that clinic-based behavioral health rates are grossly underfunded, and that the rates for behavioral health services in the five comparable states examined were 117% higher than those that Connecticut pays. He pointed out that the disparity is higher than any other components of the state's Medicaid program. He shared that in 2015, The Alliance published a study showing that the annual

loss in Connecticut for the top ten behavioral health procedure codes by volume, was more than $27 million. He added that rates have only been increased once, while costs have significantly increased. According to Mr. Shaiken, compounding the losses is that nonprofit outpatient behavioral health providers are almost entirely reliant on Medicaid to fund their programs. He added that in the last four years the amount of psychiatric services that nonprofit providers can offer has diminished as Medicaid rates are far below cost. He stressed the importance of increasing Medicaid rates immediately for behavioral health by the full amount called for in the rate study.

Similar testimony regarding behavioral health rates was submitted by the following:

Meaghan Gorman, Community Mental Health Affiliates (CMHA)
Janet Smit, CMHA
Amy Ogle, CMHA
Family Support Specialist, CMHA
Clinician, CMHA
Leilanie Jimenez Huertas, CMHA
Marisa Musumeci, CMHA
Dr. Jeffrey Vanderploeg, Child Health and Development Institute (CHDI)

Steven Zuckerman, President & CEO, Root Center for Advanced Recovery – Mr. Zuckerman submitted testimony regarding the need to increase methadone maintenance treatment (MMT) rates. In his testimony he explained that The Root Center is the largest provider of methadone maintenance in Connecticut. He shared that Phase 2 of the Medicaid rate study failed to properly analyze chemical maintenance provider rates and claimed such rates are cost-based. He wrote that his agency submits cost reports that show that the agency is underfunded by at least 21%, and yet their rates stay flat year after year unless the legislature provides funding. Further, Mr. Zuckerman wrote that rebasing using a more current based year is necessary and finding equity in the rates is particularly important in methadone maintenance where the rates range for the same service. He shared that The Root Center, like most of its colleagues, does not turn away any patients, including those uninsured; yet the limited state grants do not keep pace with the cost for these individuals. He wrote of the critical need for parity across rates and a sustainable Medicaid rate system that provides increases to keep up with the rising costs associated with the providers' workforce. As with other providers, he shared that The Root Center's staffing costs have risen exponentially, as well as the center experiencing substantial increases to medical supplies, employee benefits, energy costs and insurance . Mr. Zuckerman urged the legislature to provide additional funding for methadone maintenance treatment providers, and ensure parity across providers for the same services .

Joseph Pandolfo, MA, ADS - Board Member at Large, Connecticut Society of Acupuncturists
Mr. Pandolfo expressed support for the bill on behalf of the Connecticut Society of Acupuncturists. He wrote that the legislation will help ensure that the extensive work of the Myers and Stauffer consulting firm is applied in future calculation of Medicaid reimbursements. He shared his observation that the consultant’s review showed such significant inconsistency among payment rates in the state's current reimbursement schedules, citing that the Medicaid rates for acupuncture codes ranged from 69% to 100% of the rates in benchmark states, and 45% to 96% of Medicare rates. He added that it appears

that there is not a systemic basis for these payments. Mr. Pandolfo added that the level of codes is discouraging participation by acupuncture practitioners, many of whom are small businesses. He applauded Connecticut for adding the services of licensed acupuncturists to the Medicaid program, writing that medical literature and studies from other state Medicaid programs show that care from acupuncturists has the effect of reducing the use of prescription pain medication, including opioids. He added that the benefits of the services that acupuncturists are providing are not only valuable to patients, but are also extremely valuable to the system overall.

Marlene Chickerella, Chair, Home Care Association of America Connecticut (HCAOA) – Ms. Chickerella wrote that requiring DSS to report on its implementation plan will help policymakers better understand the current inadequate Medicaid reimbursement rates. She offered that increasing and rebasing the rates will more fairly and adequately reimburse home care agencies and caregivers for the work they provide in caring for elderly and disabled clients safely in their own homes. Ms. Chickerella shared that HCAOA Connecticut appreciates the consideration of policy makers for an increase in Medicaid reimbursement and welcomes the opportunity to work with lawmakers to address reimbursement rates, which she believes will strengthen the Home and Community Based Services (HCBS) program in Connecticut. She added that home care agencies help fulfill an important public policy goal – to provide essential support that enables elderly and disabled persons to live in their own homes longer and keeps them from being readmitted to the hospital or long-term care facilities, thereby saving the state significant resources.

Coco Sellman, Parent of a Consumer of Home Health Services – Ms. Sellman wrote of the needs of her stepdaughter, Amelia, and shared that she has experienced firsthand the critical need for robust home health services. She offered the following modifications to the bill that she believes will ensure that the legislation fully meets the needs of Connecticut's most vulnerable citizens: 1) require that the DSS report on implementation include actionable, funded, substantial changes; 2) require the reviews of reimbursement rates occur at least every three years to keep pace with rising costs and market shifts. In addition, Ms. Sellman expressed her support for the provision allowing the DSS commissioner to adjust and rebase rates using a more current Medicare base year. She wrote that Medicaid rates, especially for homecare services, have significantly lagged behind other Medicaid services, affecting essential services like Home Health, Medication Administration, and Homemaker Companion services.

Jessica Bruce – Ms. Bruce submitted testimony urging the legislature to raise Medicaid dental rates to prevent more clinics and hospital dental departments from closing or reducing the number of providers. She wrote of the importance of ensure hospital-based dental care remains available, including access to operating rooms, for those with complex medical needs.

NATURE AND SOURCES OF OPPOSITION:

None expressed.

Reported by: Susan Keane **Date: 5/8/2025**