Human Services Committee
JOINT FAVORABLE REPORT

Bill No.: SB-985
Title: AN ACT CONCERNING LEGISLATIVE APPROVAL FOR CHANGES TO THE HUSKY HEALTH PROGRAM REIMBURSEMENT AND CARE DELIVERY MODEL.
Vote Date: 3/5/2025
Vote Action: Joint Favorable Substitute
PH Date: 2/27/2025
File No.: 165

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SPONSORS OF BILL:

Sen. Martin Looney, D-11

REASONS FOR BILL:

Since 2012 the Connecticut Medicaid Program has been structured as an Administrative Service Organization (ASO) with fee-for-service reimbursement to providers, while the prior 15 years CT Medicaid care structures and payment systems were contracted to Managed Care Organizations (MCO) with capitated payments. Independent studies support the cost savings and transparency of the current fee-for-service structure and indicate a return to contracting with for-profit companies for management of the Medicaid system would increase cost and decrease quality and transparency. Residual language remains in statute that would permit restructuring of Medicaid programs to partial or complete MCOs based on initiative from the Governor's Administration or the Department of Social Services. Legislation that is explicit about legislative oversight and requires restructuring the Medical Assistance Program Oversight Council (MAPOC) would assure the CT system is constituted in a manner consistent with the needs of CT consumers, now and into the future.

SUBSTITUTE LANGUAGE:

Substitute language requires DSS to report to MAPOC at least annually on (1) the financial performance of the Medicaid program, and (2) access to and quality of care for Medicaid members.

RESPONSE FROM ADMINISTRATION/AGENCY:

Department of Social Services (DSS),Commissioner Andrea Barton Reeves: strongly opposes the legislation because it would restrict the flexibility of the department to pursue evidence-based payment and care delivery models that have shown promise in improving healthcare outcomes on a cost-effective basis simply because a particular element of a proposal might be considered to deviate from a narrow reading of a fee-for-service payment method and/or be considered a "managed care payment model." DSS analysis from 2024 identified several areas of improvement in managing costs and improving outcomes related to individuals dually eligible for Medicare & Medicaid, institutional and home and community-based services (HCBS) long-term services and supports (LTSS), prescription drugs, and management of acute and chronic conditions. The Department seeks to retain the flexibility to explore and implement initiatives such as these. For example, the Program for All-Inclusive Care for the Elderly (PACE), a federal initiative, has certain "managed care" components. DSS convened the Primary Care Program Advisory Committee and developed a model of hybrid population-based payment designed to enhance care coordination, etc. This program builds on the current DSS Person-Centered Medical Home Plus (PCMH+) program which helps improve primary care access and outcomes using a combination of monthly payments and shared savings incentive payments. There are already many forums for these conversations, such as MAPOC, which are much more flexible and efficient and are less burdensome and more time-sensitive than the process put forth in this bill. Finally, this bill is unnecessary because current statute already provides significant legislative oversight for major changes to the Medicaid program.

Connecticut Office of Health Care Advocate (OHA), Acting Healthcare Advocate for the State of CT, Kathleen Holt: supports this bill that would restrict the Commissioner of Social Services from unilaterally returning the state's medical assistance program (HUSKY) to a managed care program in the place of the current fee-for-service system. Instead, any such proposal would require the approval of the General Assembly before it could be implemented. OHA supports this effort to preserve the current fee-for-service structure. Compared with the managed care program operated previously in Connecticut, and currently operated in most other states, the HUSKY program (though imperfect) allows equal or better access for most services, generates better health outcomes for beneficiaries, and incurs much lower administrative costs. The cost savings makes available more dollars to be directed to patient care activities instead of the shareholders of managed care companies.

NATURE AND SOURCES OF SUPPORT:

Connecticut General Assembly, State Senator, Martin M. Looney: supports this legislation as it would prevent the Governor and DSS Commissioner from returning to managed care for CT Medicaid without legislative input. Prior to 2012 Connecticut provided Medicaid benefits through managed care organizations (MCOs) which did not provide the quality of care that residents of our state deserve, and the MCOs refused to comply with Freedom of Information (FOI) requirements. When the state moved from the MCO model to the ASO model, some statute sections that would allow the Governor and the Commissioner to return to an MCO model without legislative input were not amended and this bill would change that and require legislative approval of any such change.

Connecticut Health Policy Project, Chair of the Board, Ellen Andrews, PhD: expressed strong support for legislative approval of major changes to Connecticut's successful Medicaid program which is critical to ensuring we can maintain that progress and meet future challenges. When Connecticut removed MCOs from our Medicaid program in 2012, our rates steadily improved, whereas those from other MCO states did not change. HUSKY is a national leader in cost control and access to quality care and CT's per member costs are lower than and rising more slowly than other Northern states. Connecticut is in the top quartile of state Medicaid programs for both child and adult quality measures. Per person spending on seniors and people with disabilities in the program is higher than other Northeastern states while the quality of care for these members is just average. There is little evidence that MCOs have been successful in either lowering costs or improving access to quality care for seniors and people with disabilities in other states. The efficiencies gained in the current system free up $3.96 billion in the budget for other priorities. Last spring the Governor was planning to reintroduce MCOs into the HUSKY program in secret, and reportedly, work had already begun on designing the RFP. Broad legislative approval is key to continuing the progress made, and the bill would be improved by giving every member of the General Assembly a vote on major decisions affecting Medicaid.

Connecticut Legal Services, Inc., Elder Law Attorney, Jean Mills Aranha: supports the bill as it will keep CT's Husky Health system, our nursing homes and other long-term services and supports, operating within the current and very successful fee for service system. It was stated it has saved money by not contracting with MCOs, which were unaccountable as well as expensive. Studies found that our current Medicaid program does better in quality, access, and cost control than other states. Connecticut's per capita spending is 14% lower than the average of most northeastern states, and administrative costs are significantly lower than managed care states (3.8% vs. 9.4%). The study concluded that MCOs neither save money for the state nor improve access to or quality of care in Medicaid, and it did not recommend a return to MCOs in Connecticut. The bill could be even stronger if it required a vote of the entire General Assembly on major decisions such as returning to MCOs.

Connecticut Legal Rights Project (CLRP), Executive Director, Kathy Flaherty**:** supports this bill which would prevent the Governor or DSS from returning to managed care (MC) without input from the legislature. Medicaid MC was an experiment that failed – it did not produce cost savings, did not improve quality of care, and created barriers to accessing care. Connecticut moved to an administrative services organization (ASO) model in 2012 but never changed the statutes that broadly allowed DSS to contract with managed care organizations, and related authorizations. This bill would repeal those statutory provisions by requiring submission of any proposal to change current model to the committees of cognizance, rather than the entire legislature. Since the entire legislature authorized the replacement of MCOs with ASOs in 2010, it is reasonable that protection for people with disabilities and others include a similar requirement that any return to MCOs for any part of the Medicaid population, including LTC, be preceded by an affirmative vote from the entire legislature, rather than just the two committees of cognizance. This could be further clarified by adding language that expressly states, "No significant changes to eligibility, the eligibility process, covered benefits, the health care delivery system or the structure or form of payment to providers shall be implemented or committed to, prior to bringing the proposal to the attention of the council (MAPOC) and receiving its advice concerning same."

Greater Hartford Legal Aid, Policy Advocate, Caleb Pulda-Rifkin: supports the removal of enabling language to make decisions regarding care and payment models without legislative approval. The change from MCOs to managed fee-for-service can be viewed as a success story in the state of CT. For example, in LTC the Medicaid program is successfully offering comprehensive home and community-based services as an alternative to expensive nursing home care. The MCO format would leave many elderly clients unable to afford the care they desperately need and make them subject to denials from private insurers. It was stated this bill would prevent changes to the care model and payment system without legislative debate and oversight.

The ARC of Connecticut, Inc., Director of Advocacy, Carol Scully: supports the bill, as legislative approval of major changes to the state's Medicaid program is vital to maintain the success of our state's HUSKY Medicaid program, maintain the program's progress, and meet future challenges, some of which are looming on the federal landscape. Connecticut is a national leader in Medicaid cost control and access to quality care, including for persons with disabilities. CT Health Policy Project research shows that Connecticut per member cost is lower than other Northeastern states. An independent study confirmed that Managed Care Organizations (MCO) do not save money or improve quality or access to care. It was stated The Arc Connecticut urges the legislature to pass language mandating legislative approval before making any changes to the state's HUSKY Medicaid program.

AARP Connecticut, State Director, Nora Duncan: is in support of Section 1 of this bill and is neutral on the remaining sections. Section 1 adds significant checks and balances over the State's Medicaid program by requiring any proposal to change the fee-for-service Medicaid payment model to a managed care payment model to go before the General Assembly's Committees of cognizance for approval, denial, or modification before implementing such change or seeking any necessary federal approval to implement such change. CT's fee for service Medicaid program has been very successful. There is always room for improvement, but in matters as serious as health care and long-term services and supports, a more thorough and vetted process is important.

Connecticut Children's Care Network at Connecticut Children's, Medical Director, David Krol, MD, MPH, FAAP: seeks consideration for revising the membership of Medical Assistance Program Oversight Council (MAPOC) to include a minimum of one representative specifically focused on the needs of children served by Medicaid. In CT, more than one out of every three children rely on Medicaid. Since children have unique physical, emotional, and developmental needs, and they comprise nearly one-half of those covered by HUSKY A and HUSKY B, CT Children's would recommend that any revisions to MAPOC provide a structure to oversee the impact of these programs on children separately from the impact on other eligibility groups. Assessing the impact of Medicaid on the children they serve requires more than just adding one pediatric expert to the Council. Assessing the adequacy of programs serving children must focus on appropriate pediatric metrics and account for the fact that caring for children requires caring for the entire family. Pediatric providers and advocates must be included from the start in conversations about HUSKY's impact. Children and those who serve them should never be an afterthought.

Disability Rights Connecticut, Litigation Attorney, Sheldon Toubman: supports the provisions of the bill to assure legislative oversight for any changes to care models or reimbursement structures. People with disabilities on Medicaid are particularly susceptible to having their access to care blocked due to profit-motivated denials of care, because of higher healthcare costs. Denials may be implemented through inadequate provider networks or through burdensome prior authorization requirements. The changes to the bill seem designed to ensure a broader role for the MAPOC; suggested changes include, "and (16) any proposed changes to the HUSKY Health program in the form of payment or delivery reform which could impact Medicaid enrollees" and additional language also suggested by CLRP.

The following individuals also submitted testimony in support of the bill:
Tamara Coleman
Margaret Goodwin, LCSW (retired), SWAA Advocacy Group.
Timothy McDonald, RA, TLD-1, Residential Assistant, Reliance Health.
Amanda Sherman, MSW Student, Southern Connecticut State University

NATURE AND SOURCES OF OPPOSITION:

Connecticut Chapter of the American Academy of Pediatrics, President, Barbara Ziogas: opposes the bill and requests that a representative from the Connecticut Chapter of the American Academy of Pediatrics be included in MAPOC membership to fully represent the thousands of children insured by HUSKY A and B have very different needs from adults. These range from the tiniest of premature infants through their growth and development of early childhood and adolescence. The Academy recommends the continuation of the current structure of care and payment system rather than a return to MCOs.

Professor, Yale University, Frederick Sigworth: opposes any return to the use of MCOs in the Medicaid system. The incentives of MCOs are to maximize profits, and the means they seem inevitably to revert to is the denial of services to the clients.

Reported by: Rebecca McClanahan **Date: April 1, 2025**