

# Financial Trends in the Connecticut Medicaid Program

Presentation to the  
Medical Assistance Program Oversight Committee

March 14, 2025

# Presentation Overview

- Review of Medicaid Spending by Service Category
  - State Share by Medicaid Service Category
- Review of Medicaid Per Member Per Month Trends
- CT Medicaid as a Share of the State Budget
- CT Medicaid Cost Drivers

## What trends are we seeing?

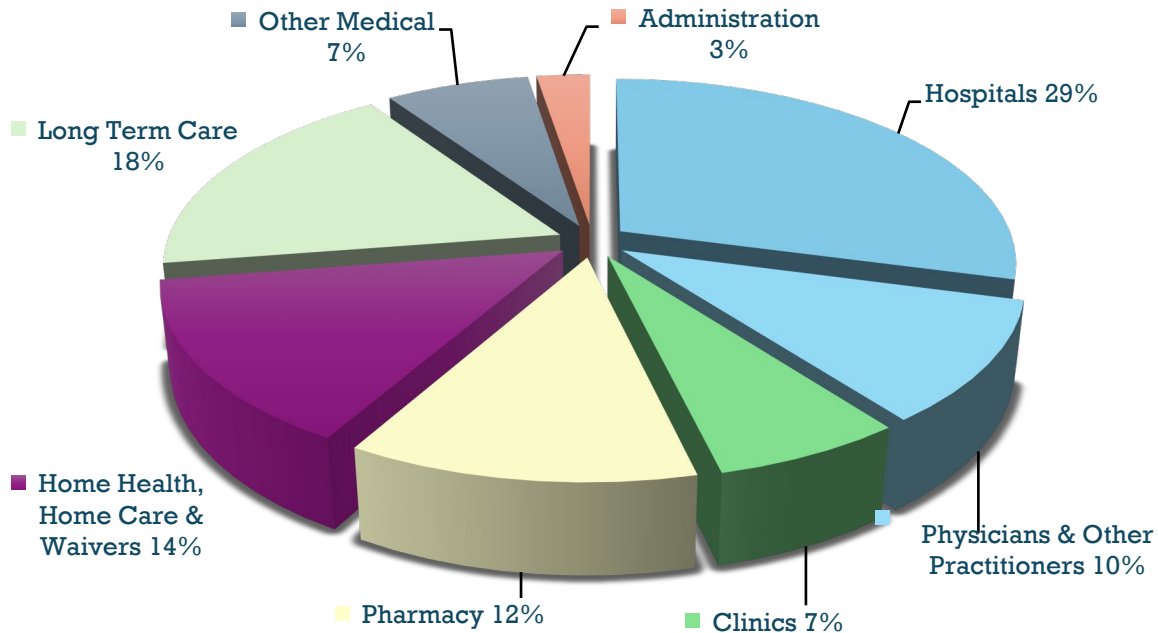
- The public health emergency (PHE) enhanced federal medical assistance percentage (eFMAP) ended on December 31, 2023, shifting expenditures back to the state share.
- While the PHE unwind resulted in an overall reduction in Medicaid enrollment, enrollment levels remain higher than pre-pandemic levels.
- Overall, expenditures were lower during the pandemic due to lower utilization; however, more recent expenditure and utilization trends continue to increase.
- Increased utilization in many areas of the Medicaid program including pharmacy and home and community-based services.
- HUSKY health program and administrative cost trends continue to compare favorably with national Medicaid trends.

# **Review of Medicaid Spending by Service Category**

# SFY 2024 and 2025 Medicaid Expenditures

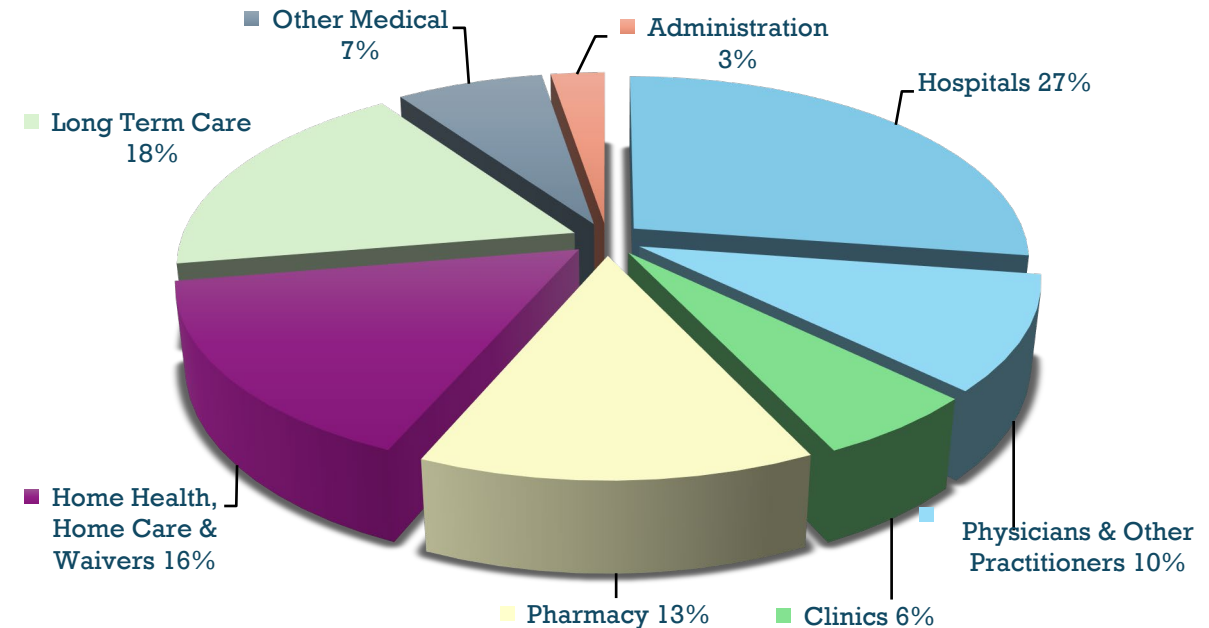
In SFYs 2024 and 2025 **hospital services** account for the largest share of the DSS Medicaid spend at 29% and 27% respectively, followed by **nursing homes and LTC facilities** at 18%. **Home health waiver/CFC** services account for 14% in SFY 2024, and 16% in SFY 2025. **Physician** expenses comprise 10%.

**SFY 2024 Service Category Expenditures**



**SFY 2024 Total Expenditures: \$8.3B**

**SFY 2025 July to Dec Service Category Expenditures**



**SFY 2025 July – Dec Expenditures: \$4.4B**

# Medicaid by Service Category

Category of Service	SFY 2020	SFY 2021	SFY 2022	SFY 2023	SFY 2024	5 Year Change
Hospitals (excludes supplementals)	29.1%	31.4%	30.8%	30.3%	29.2%	0.1%
Physicians & Other Practitioners	10.5%	10.8%	11.2%	11.0%	10.5%	0.0%
Clinics	6.9%	6.9%	6.7%	6.2%	6.6%	-0.3%
Pharmacy	10.2%	10.9%	10.3%	10.5%	12.0%	1.8%
Home Health, Home Care & Waivers	13.6%	14.0%	14.1%	13.9%	14.3%	0.7%
Long Term Care	21.5%	17.5%	18.3%	18.0%	18.0%	-3.5%
Other Medical	6.5%	6.8%	7.0%	8.0%	6.9%	0.5%
Admin	1.8%	1.7%	1.6%	2.1%	2.6%	0.8%
<b>TOTAL</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	

Over the past five years, the Medicaid budget has seen some notable shifts in the percentage of costs for several categories of service. The largest increase being a 1.8% shift in pharmacy costs, and the largest decrease under long term care (primarily skilled nursing facilities) of 3.5%. It should be noted that the full implementation of the acuity-based reimbursement system for skilled nursing facilities was completed in SFY 2025. The shift to acuity-based reimbursement has resulted in an increase in reimbursements to skilled nursing facilities which is not fully reflected in this data.

# **Review of Medicaid Per Member Per Month (PMPM) Trends**

# Enrollment by Eligibility Type

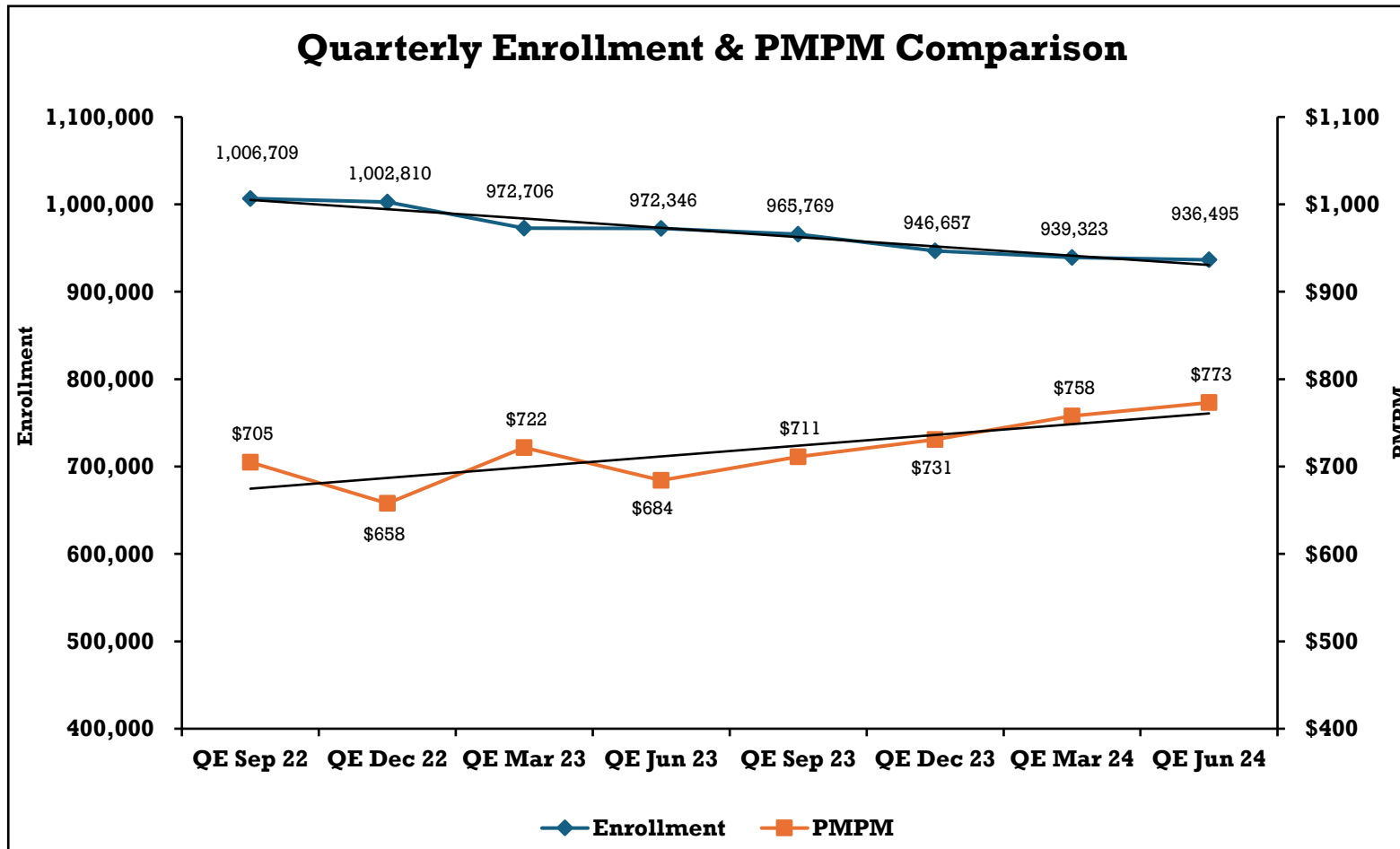
- **HUSKY A** – Eligibility for Parents/Caregiver relatives, pregnant individuals, postpartum coverage, and children.
- **HUSKY C** - Medicaid coverage under HUSKY C is available for individuals aged 65 and older.
  - Individuals between the ages of 18 and 64 who are blind or have another disability may also qualify.
- **HUSKY D** – Individuals aged 19-64, no dependent children, are not pregnant, and do not receive Medicare are eligible.

Per Member Per Month (PMPM) Rates		
Coverage Type	SFY24	Annual cost per 1,000
HUSKY A	\$373	\$4,483,786
HUSKY C	\$3,105	\$37,267,911
HUSKY D	\$667	\$8,007,734

Per Member Per Month (PMPM) Rates		
Coverage Type	SFY 2025 YTD	Annual Cost Per 1,000
Husky A	\$395	\$4,741,748
Husky C	\$3,339	\$40,071,953
Husky D	\$746	\$8,950,254



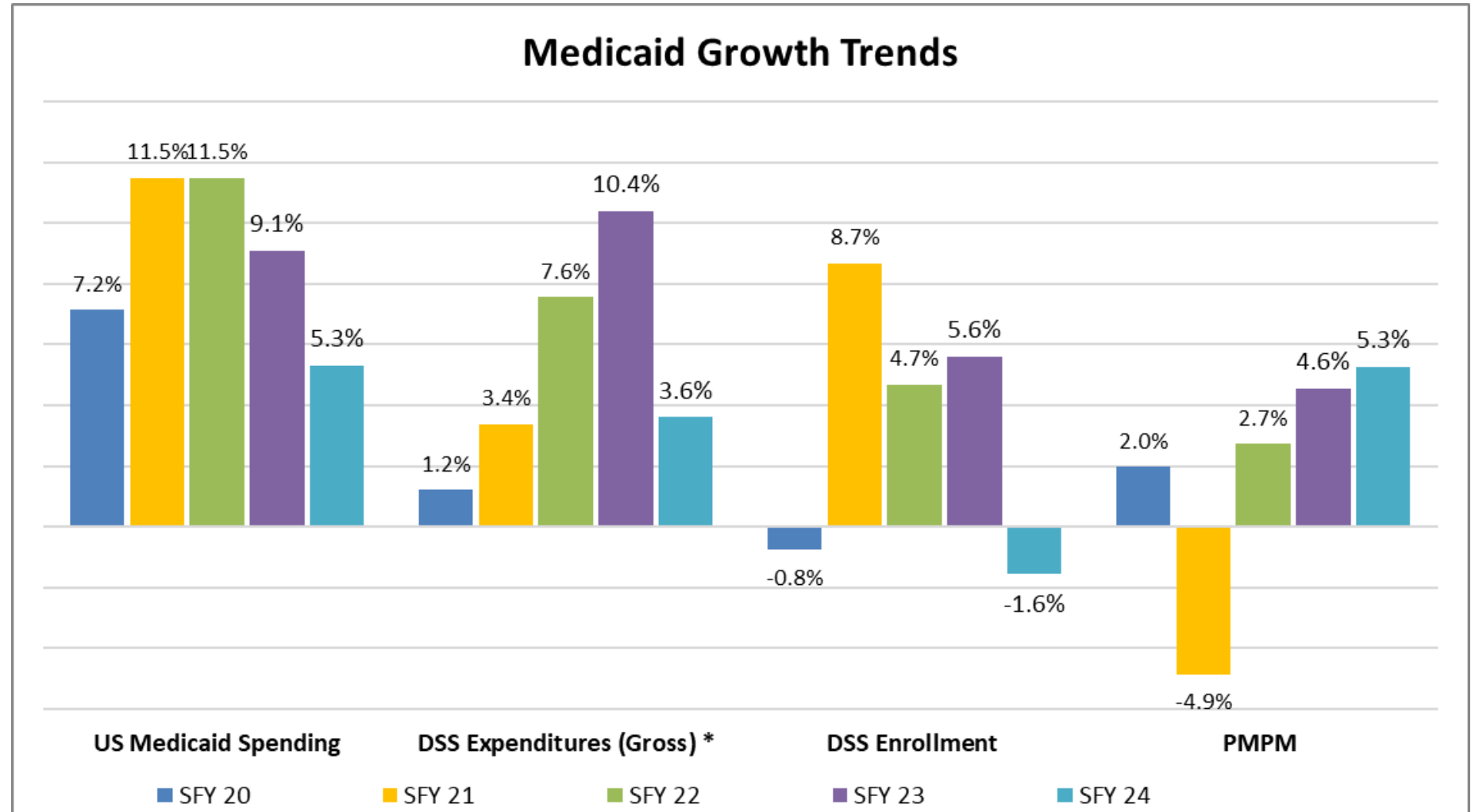
# Connecticut Trends - Per Member Per Month



- During the pandemic enrollment grew significantly. However, expenditures did not grow due to lower overall utilization.
- While enrollment has decreased because of the PHE unwind it remains higher than pre-pandemic levels. At the same time utilization continues to trend upwards
- The projected Medicaid shortfall for FY 2025 has increased from \$106.8M last February to \$290M today

# Comparison to National Trends

- Overall, DSS' Medicaid expenditure growth since SFY 2019, including both federal and state shares, ranged from as high as 10.4% from SFY 2022 to SFY 2023 to a low of 1.2% during the PHE from SFY 2019 to SFY 2020.
- Medicaid enrollment growth has varied from a high of 8.7% during the PHE from SFY 2019 to SFY 2020 to a 1.6% decrease from SFY 2023 to SFY 2024, as the PHE unwinding continued.
- DSS' Medicaid per member per month (PMPM) cost decreased by 4.9% during the PHE. However, it has continued to rebound since SFY 2021, reaching a high of 5.3% from SFY 2023 to SFY 2024.



\* Expenditures are net of drug rebates and exclude hospital supplemental payments given the significant variance in that area over the years. Enrollment and PMPM figures exclude the limited benefit COVID-19 testing group.

# Connecticut Medicaid as a Share of the State Budget

# Medicaid Share of Total CT Budget

- In SFY 2024, the “all states” average Medicaid expenditures as a percentage of total State expenditures: 29.8%\*
- Connecticut’s SFY 2024 Medicaid expenditures as a percentage of total State expenditures: 23.6%\*
- Between SFY 2020 and SFY 2024, Connecticut ranked first or second lowest out of eight peer states in all years except for SFY 2021.

\*Per the most recent National Association of State Budget Officers (NASBO) State Expenditure Report; includes both federal and state Medicaid shares

# Medicaid Share of Total CT Budget

- Total Medicaid expenditures as a percentage of the total state budget - detail on peer states and national data\*

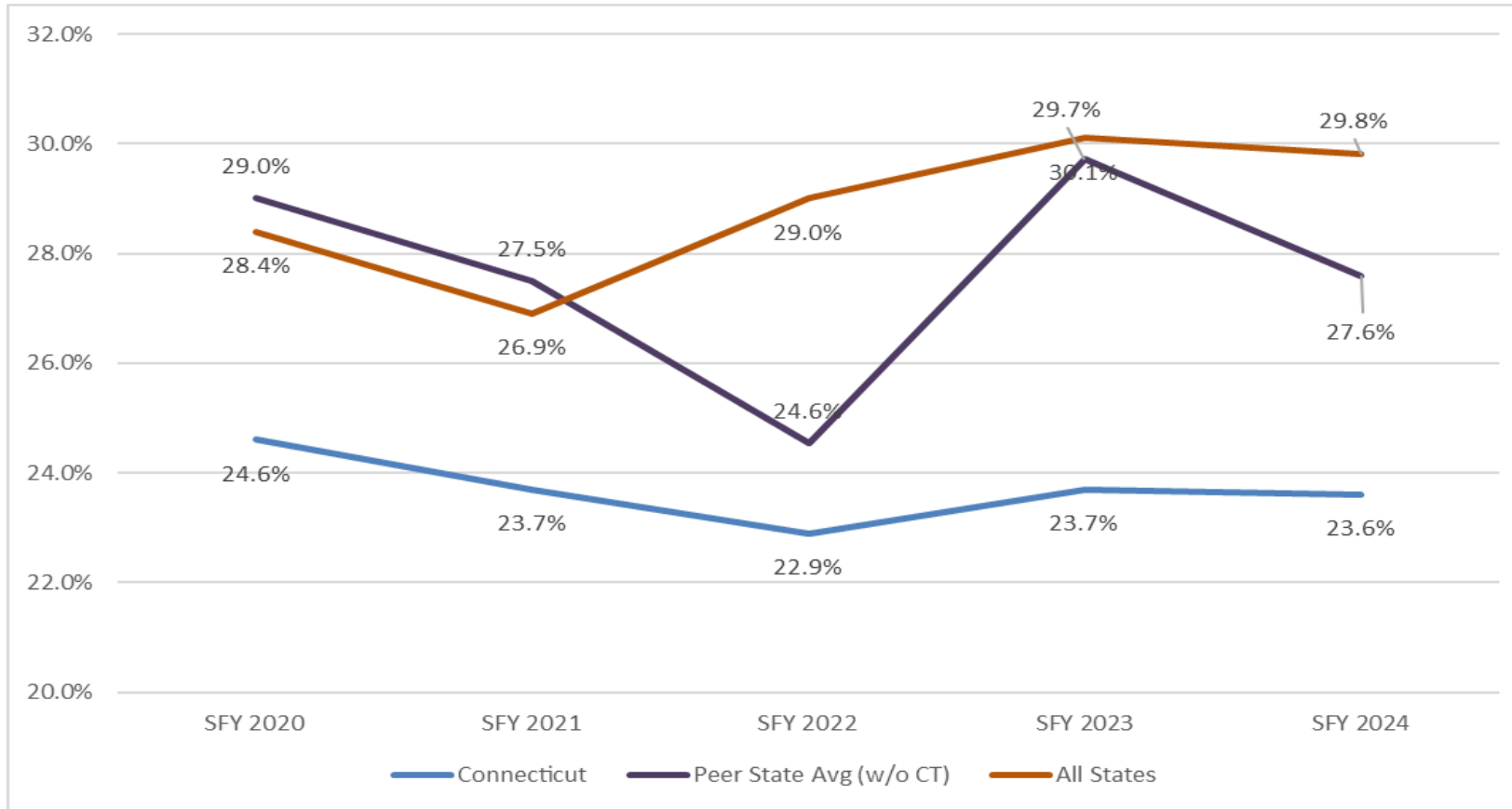
CT Rank	2	4	1	1	3
	SFY 2020	SFY 2021	SFY 2022	SFY 2023	SFY 2024
Connecticut	24.6%	23.7%	22.9%	23.7%	23.6%
Maine	30.9%	28.9%	31.5%	32.5%	34.7%
Massachusetts	29.3%	28.8%	28.9%	29.6%	27.1%
New Hampshire	30.0%	32.1%	33.7%	31.4%	29.6%
Rhode Island	22.8%	22.0%	24.3%	26.1%	20.6%
Vermont	27.0%	22.6%	23.9%	25.5%	25.0%
New Jersey	24.8%	22.9%	24.8%	25.3%	17.7%
New York	37.9%	35.2%	35.4%	37.6%	38.5%
Peer State Avg (w/o CT)	29.0%	27.5%	24.6%	29.7%	27.6%
All States	28.4%	26.9%	29.0%	30.1%	29.8%

CT's Medicaid to total state budget cost ratio is consistently lower than the All States average and the average of its peer states.

\*Per National Association of State Budget Officers (NASBO) State Expenditure Reports; includes both federal and state Medicaid shares

# Medicaid Share of Total CT Budget

- CT Medicaid expenditures as a percentage of the total state budget - detail on peer states and national data\*



CT has maintained a favorable position compared to other states, having a much lower Medicaid expense as a percentage of the total state budget compared to its peers and to the national average.

\*Per National Association of State Budget Officers (NASBO) State Expenditure Reports; includes both federal and state Medicaid shares

## Connecticut Medicaid Cost Drivers

## 2025 Medicaid State Deficit Drivers

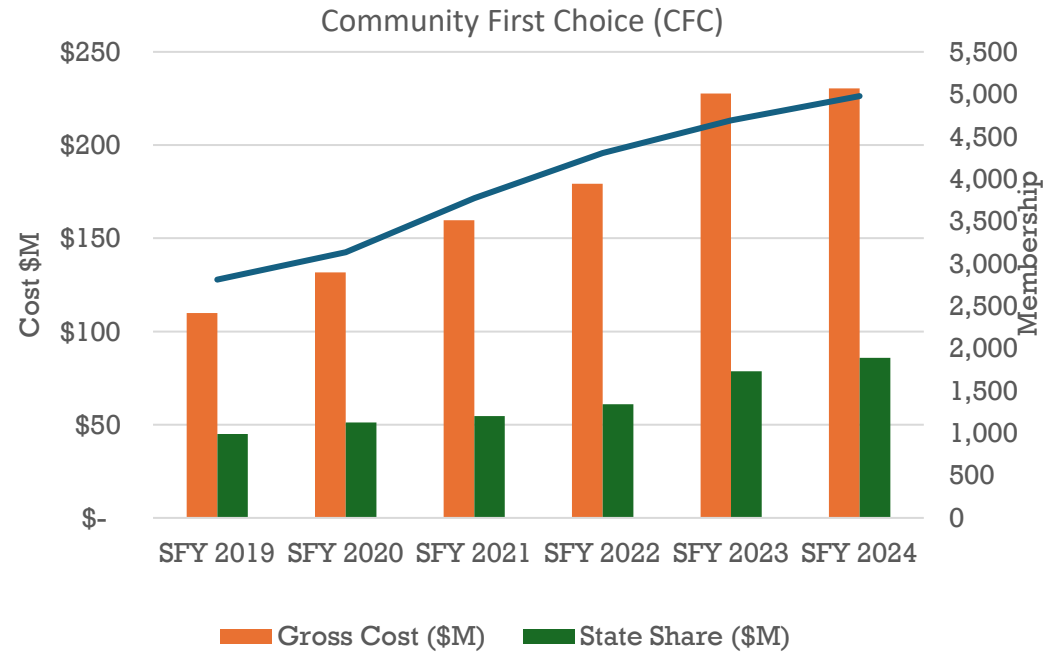
- **Enrollment Mix - \$50M of projected deficit**
- **Home health, Home care, and Waivers - \$75M of projected deficit**
- **Pharmacy & rebates - \$90M of projected deficit**
- **Other - \$75M of projected deficit**
  - The remaining variance is largely the result of utilization increases that are above what was assumed in the enacted budget

**States across the country experienced expenditure growth due to pharmacy, enrollment and HCBS services. These factors have created uncertainty in expenditure projections.**

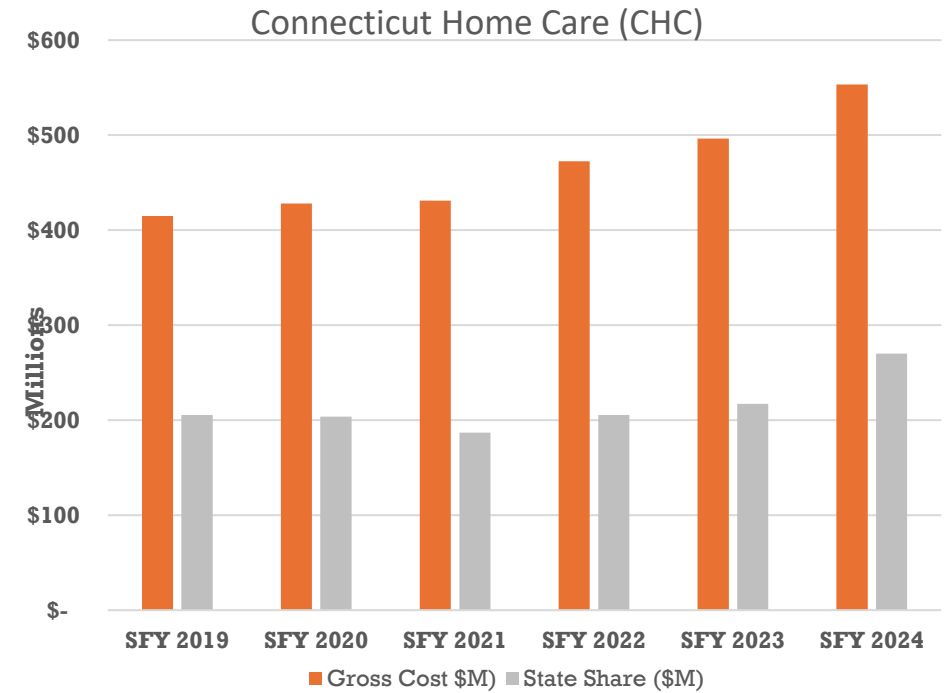
**(National Association of Medicaid Directors)**



# Home & Community-Based Services (HCBS)



- State plan (no cap on enrollment): Serves individuals eligible for Medicaid, at risk of institutional placement, and capable of self-directed decision-making about care and services.
- Annual gross costs for Community First Choice (CFC) increased by \$51.3M (\$24.9M state share) from SFY 2022 to SFY 2024 due to increased participation and the impact of the collective bargaining agreements; there were also significant additional expenses related to the rollout and increased costs of the new fiscal intermediary.
- The SFY 2025 appropriation for the CBA was \$10.6M less than the estimated cost.



- Waiver service (capped enrollment): Serves individuals aged 65 or older who are at risk of institutionalization or meet nursing home level of care.
- Enrollment trends in CT Home Care Waiver began to return to pre-PHE levels in SFY 2024.
- Annual increases in rates for waiver services related to increases in the Minimum Wage from \$11.00 to \$15.00 in SFY 2019-2023.
- Programs are experiencing a return to a higher per person utilization as natural supports available during the PHE have been replaced by paid caregivers, including paid family supports.

# Pharmacy Costs and Drug Rebates

Compared to pre-pandemic levels, drug rebates as a % of pharmacy costs have been decreasing. Each 1% drop is a loss of approximately \$20M gross (\$8m state share)

## Comparing SFY23 to SFY24:

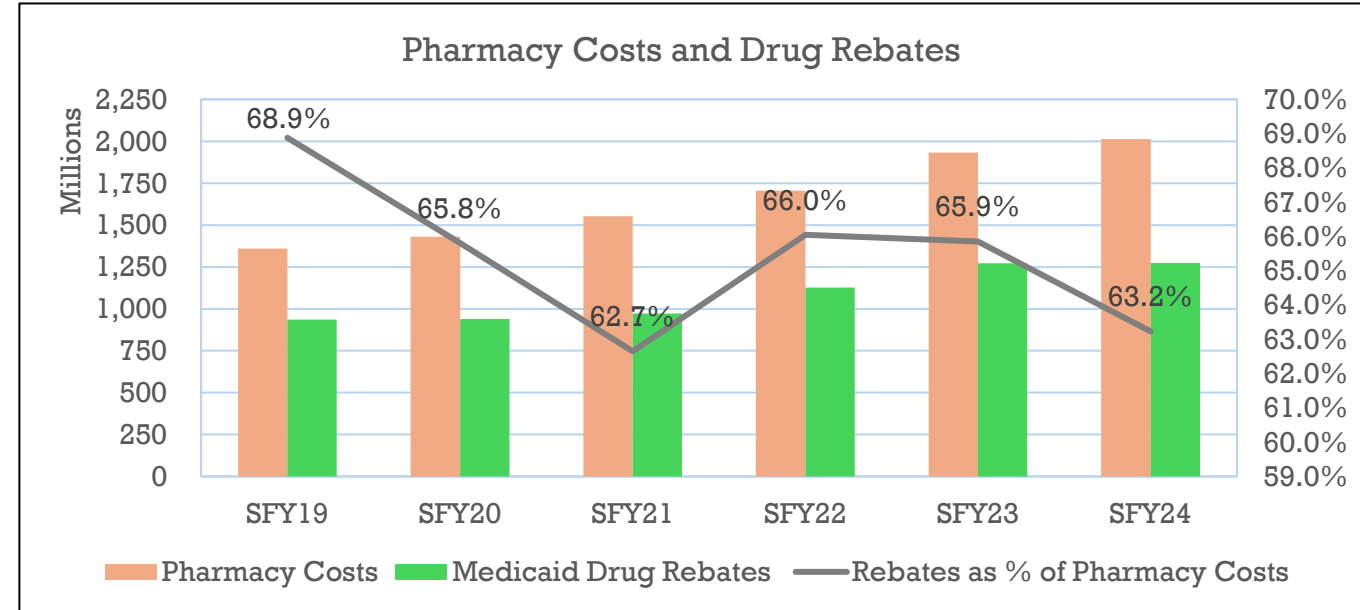
Overall, pharmacy costs increased by \$93M

Unit cost increased by 7%

PMPM increased by 13.9%

Antidiabetics increased \$53.4M ((including off-label weight loss medication) and accounted for the largest percent of the increase at 57.5%)

Dermatologicals increased \$24M and accounted for 25.9% of the increase



SFY 2025 data is July through December

	SFY19	SFY20	SFY21	SFY22	SFY23	SFY24
Rx Costs						
Inc YoY	4%	5%	9%	10%	13%	4%