

Testimony of

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*Commenting on
House Bill 7254: An Act Concerning the Department of Social Services' Implementation of
Changes Resulting from the Medicaid Rate Study.*

Appropriations Committee
April 3, 2025

Thank you for the opportunity to provide comments on House Bill 7254, An Act Concerning the Department of Social Services' Implementation of Changes Resulting from the Medicaid Rate Study.

On behalf of the Community Health Center Association of Connecticut (CHC/ACT), and its sixteen member health centers, I want to thank the Committee for its dedication to improving the health of people in our state. Connecticut's Community Health Centers serve more than 440,000 people each year – about 1 in every 8 residents – providing medical, behavioral health, and dental care in hundreds of locations across the state. 60% of their patients – about 264,000 people – are on HUSKY.

We appreciate the Committee's proposal to follow up on the Medicaid rate study and have the following comments:

Section 1(a)

While it is important that the legislature receive reports on the implementation of the rate study, we believe that the first report should be due by January 1, 2026, in time for potential action during the 2026 legislative session. Moreover, we suggest that the Office of Fiscal Analysis and/or the Office of Policy & Management provide the report, which should be easy to generate from the state budget that will be adopted by June 30, 2025.

Section 1(b)

We appreciate the Committee's attention to the need to rebase rates on a regular basis. Not doing so has caused enormous gaps between rate and cost and threatens the financial stability of providers, and ultimately, access to health care for our Medicaid enrollees.

Medicaid rates for Connecticut's Community Health Centers must be rebased now – the situation has become urgent.

Health center rates were set in 2002, based on allowable costs from 2000 and 2001. Since then, they have received the minimal annual adjustment required by federal law (the Medicare Economic Index). Additionally, some health centers have received marginal, yet insufficient, rate increases through the Department of Social Services (DSS) Change in Scope process. However, that process is inconsistent, broken, and out of compliance with federal law.

The study showed that rates for all health care providers – including FQHCs– are woefully inadequate. Specific to health centers, the study compared Medicaid rates paid to health centers in Connecticut to those paid by three comparison states: Maine, New Jersey, and New York and found that, on average, Connecticut’s rates are 80% of those states’ rates. The Community Health Center Association of Connecticut (CHC/ACT) reached out to its peer associations in Massachusetts and Rhode Island to get their Medicaid rates and found that, including those two states and updating Maine’s data, the discrepancy grows: CT’s rates are only 75% of the average of those five states.

In addition to comparing Connecticut’s rates to other states, CHC/ACT also compared CT health center rates to costs, as determined on the annual cost reports health centers file with DSS. **On average, health centers in Connecticut lose \$85 on every Medicaid medical visit and \$121 on every Medicaid dental visit – for a total loss of about \$80 million annually.**

This gap is causing serious financial harm. Some Connecticut health centers have reduced services and/or hours, and others are seriously considering doing so.

While we recognize all Medicaid providers are underpaid, health centers are unique in that they cannot restrict the number of, or turn away, Medicaid patients. By federal law, we are required to see all people who need assistance. We do not have the option that other providers have limit the number of Medicaid patients we see. After 24 years of attempting to address this issue, Connecticut’s health centers can no longer subsidize the state’s Medicaid program.

Connecticut health centers provide primary medical, dental, or behavioral health care to 440,000 people annually, including 264,000 Medicaid enrollees. The state has set a goal to enhance access to primary care, and the most effective way to do so for Medicaid enrollees is to ensure the financial stability of health centers.

Regarding the idea of rebasing every five years: The Change in Scope process for health centers is dictated in federal law for health centers to submit to their state Medicaid agency for a rate change, tied to a change in service type, duration, or intensity. Despite the clarity of federal law, Connecticut’s process is vague and inconsistent. DSS has a long and consistent history of denying legitimate requests for these rate adjustments – and usually these denials are based on reasons that appear arbitrary. Simply put, this process is broken, and that is why Connecticut’s community health centers have taken legal action against the state.

The legislature has the opportunity to fix the rate setting/review system, bringing it into compliance with federal law, and ensuring a fair and transparent process for both DSS and the

health centers seeking rate reviews. We would appreciate the opportunity to work with this Committee and others to achieve that goal.

Thank you for your consideration and your hard work on behalf of our great state. Please feel free to reach out with any questions: dpolun@hcact.org or 860.667.7820.