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Written Testimony before the Appropriations Committee
Commissioner Andrea Barton Reeves
Department of Social Services
April 3rd

Good morning, Chairs Osten and Walker, Ranking Members Somers and Nuccio; and distinguished members of the Appropriations Committee. I am Andrea Barton Reeves, Commissioner of the Department of Social Services. I am pleased to offer remarks on House Bill 7254.

HOUSE BILL 7254: AN ACT CONCERNING THE DEPARTMENT OF SOCIAL SERVICES' IMPLEMENTATION OF CHANGES RESULTING FROM THE MEDICAID RATE STUDY.

This bill would require the Commissioner of Social Services starting in July 2030, to conduct a Medicaid rate study every five-years and increase rates based on information obtained during the rate study.

The Department appreciates the intent of this bill and agrees with conducting scheduled reviews of Medicaid rates to ensure member access, but the Department cannot support this bill as written and asks for the opportunity to present to the legislature the work currently being performed by the Department that is informed by the Medicaid rate study completed this year.

The rate study found that a consistent schedule for 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.

As a result of the rate study, the Department 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. 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 the Department 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.

This process 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. The Department 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.

The proposed bill does not allow for a predictable rate evaluation process as recommended in the Medicaid rate study. Development of a rate evaluation process will allow the Department to work in consultation with various stakeholders and the Secretary of the Office of Policy and Management, to strengthen access and improve quality, outcomes and, ultimately, reduce spending on acute care services. To conduct a compressed rate study in one year, as proposed, is not possible due to the number of services covered. For context, the Medicaid rate study that was just finalized this past January was conducted over a two-year period and required $3 million in one-time funding support through ARPA. The extensive rate study to be completed every five years as proposed would require additional support, staff and funding. Instead, development of a rate review process as recommended in the Medicaid rate study provides a thoughtful and collaborative approach that can potentially be managed within available resources. The Department appreciates the opportunity to present testimony on this important issue and welcomes further discussion to develop an agreeable path forward.