
OLR Bill Analysis

HB 6836

AN ACT CONCERNING THE DEPARTMENT OF SOCIAL SERVICES' RECOMMENDATIONS REGARDING THE IMPLEMENTATION OF THE STATES ADVANCING ALL-PAYER HEALTH EQUITY APPROACHES AND DEVELOPMENT FEDERAL INNOVATION MODEL HOSPITAL GLOBAL PAYMENT METHODOLOGY.

SUMMARY

Starting January 1, 2027, this bill authorizes the Department of Social Services to implement a Medicaid global budget payment methodology for licensed acute care hospitals (including children's hospitals) that volunteer to participate in the Advancing All-Payer Health Equity Approaches and Development (AHEAD) federal demonstration program.

Under the bill, the global budget payment methodology replaces the existing Medicaid fee-for-service payment method for participating hospitals and applies to all included service categories. (Nonparticipating hospitals continue with the Medicaid fee-for-service payment method.)

EFFECTIVE DATE: October 1, 2025

BACKGROUND

AHEAD Demonstration Program

AHEAD is an 11-year federal demonstration program (from 2024 to 2034) administered by the Centers for Medicare and Medicaid Services (CMS). The program is a state total cost of care model under which Connecticut will assume responsibility for managing health care quality and costs across all payors (Medicaid, Medicare, and private insurers).

The program's main components include the following:

1. voluntary hospital global budgets;

2. voluntary participation in Primary Care AHEAD, which gives primary care practices prospective, flexible, and enhanced payments to increase their capacity to provide advanced primary care services; and
3. a statewide health equity plan to help improve population health and reduce identified disparities in health care access and outcomes.

Connecticut is in the program's second cohort, which begins operating in January 2027 after a 30-month implementation period from July 2024 through December 2026. CMS provides up to \$12 million total per state for up to six years to support the program's implementation.

Hospital Global Budget Payments

Under the AHEAD program, Connecticut will implement Medicare fee-for-service and Medicaid hospital global budgets that give participating hospitals a pre-determined, fixed annual budget for hospital inpatient and outpatient facility services. The budgets are calculated based on a review of previous years' Medicare and Medicaid payments and are adjusted for inflation and changes in populations served and services provided. Additionally, at least one private health insurer must participate in the program by 2028.

COMMITTEE ACTION

Public Health Committee

Joint Favorable
Yea 20 Nay 12 (02/19/2025)