
OLR Bill Analysis

sSB 499

AN ACT CONCERNING MEDICAID RATE INCREASES.

SUMMARY

This bill requires the Department of Social Services (DSS) commissioner to increase Medicaid provider rates, within available appropriations, in accordance with the Medicaid rate study required under PA 23-186. Among other things, the study generally recommends using (1) Medicare as a benchmark or (2) other states' Medicaid rates to update rates initially and adopting an independent rate model for future years. DSS must phase in these rate increases starting July 1, 2026, through June 30, 2029, and then make annual rate adjustments after that date.

The bill also requires the DSS commissioner to streamline and consolidate existing fee schedules used for provider or service reimbursement so that the same fee schedule is used to reimburse every provider. The bill requires her, to the extent applicable, to incorporate the most recent Medicare fee schedule for services covered by both Medicare and Medicaid.

Lastly, the bill requires the Council on Medical Assistance Program Oversight (MAPOC) to develop and implement an ongoing systemic review of Medicaid provider reimbursement rates to ensure rates are adequate to sustain a sufficient provider pool to provide Medicaid enrollees access to high-quality care. The bill also requires MAPOC to report annually, starting by January 15, 2027, to the Appropriations and Human Services committees on its recommendations for appropriations needed to ensure Medicaid provider compensation meets the bill's requirements.

EFFECTIVE DATE: July 1, 2026

MEDICAID PROVIDER RATE CHANGES

Rate Increase Phase-in

The bill requires the DSS commissioner to phase in Medicaid provider rate increases in a way so that by June 30, 2029, the rates for all providers are equal to:

1. at least 75% of the most recent Medicare rates for the same health care services, or,
2. for services with no corresponding Medicare rates, a percentage of the five-state rate benchmark that results in an equivalent rate increase.

Under the bill, the “five-state rate benchmark” is the average of the rates for the same health care services in Maine, Massachusetts, New Jersey, New York, and Oregon.

Annual Adjustments

Starting June 30, 2029, the bill requires the DSS commissioner to adjust the Medicaid provider rates annually either according to the two requirements described above for the end of the phase-in or by increasing the rates by any percentage increase in the “Medicare Economic Index,” which is a measure of inflation for physicians’ practice costs and wage levels as calculated by the federal Centers for Medicare and Medicaid Services.

Rate Review or Rebasing

The bill requires any review or rebasing of Medicaid rates to include those rates that (1) had to be studied as part of the Medicaid rate study required under PA 23-186 and (2) have no corresponding (a) Medicare rate or (b) average five-state benchmark rate in the PA 23-186 study. If Maine, Massachusetts, New Jersey, New York, or Oregon has a corresponding rate for the same or a substantially similar health care service, the bill requires that rate to be included in the review for comparison.

By law, PA 23-186 required a two-part study of Medicaid rates, with

the first part examining rates for physician specialists, dentists, and behavioral health providers and the second part examining all other aspects of the Medicaid program, including ambulance services, federally qualified health centers, specialty hospitals, complex nursing care, and methadone maintenance.

BACKGROUND

Related Bill

sHB 5561, favorably reported by the Human Services Committee, requires rate increases for specific providers, including certain dental clinics, psychologists, and emergency room physicians, among others.

COMMITTEE ACTION

Human Services Committee

Joint Favorable

Yea 23 Nay 0 (03/19/2026)