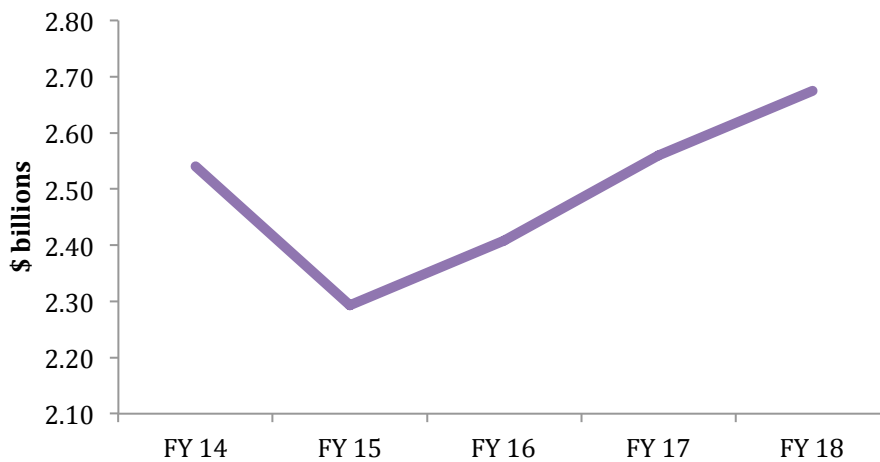


## Encouraging future Medicaid spending projections

Projections from the Governor's budget proposal predict that Connecticut will experience a significant decrease in state Medicaid spending of \$247 million from this fiscal year to next. The reduction is so significant that it will take until about two years to climb back to current state Medicaid spending levels.<sup>1</sup>

### CT Medicaid state spending



Source: [FY 2015 Governor's midterm budget adjustments](#)

While reforms shifting the HUSKY program from capitation to care coordination have [reduced per capita costs](#) over the last two years, the majority of projected future reductions in the state's share are due to enhanced federal funding under the Affordable Care Act for newly eligible members, including MLIA (formerly SAGA) that began this calendar year.<sup>2</sup>

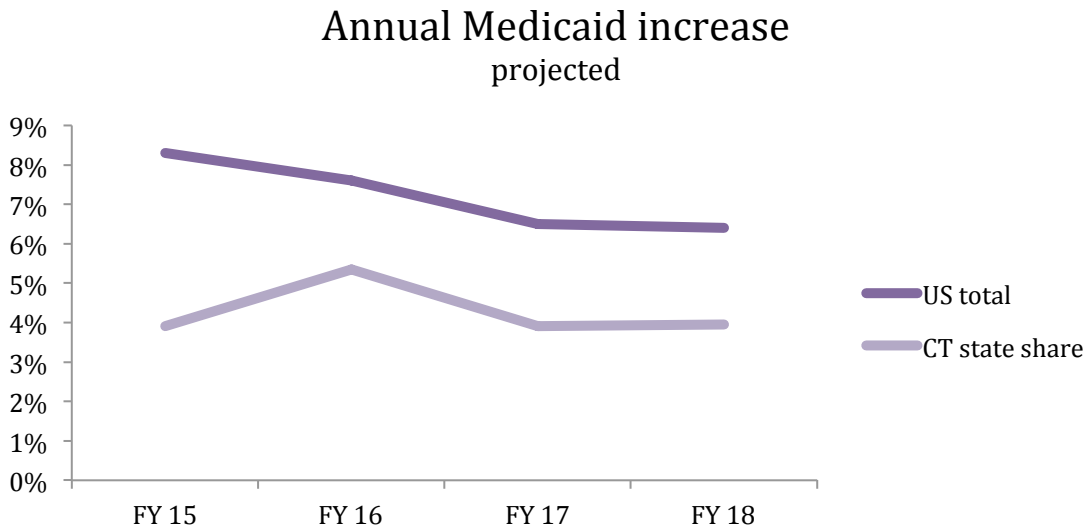
<sup>1</sup> Projection based on 2014 [Governor's budget proposal](#) and OPM communication

<sup>2</sup> Historically Connecticut received no federal funding for our SAGA program. In April 2010, Connecticut converted our SAGA program to a Medicaid eligibility program under the [Affordable Care Act](#) and renamed it MLIA, garnering federal reimbursement for 50% of program costs. In January 2014, federal reimbursement rose to 100% for three years under the ACA for MLIA members and all newly eligible Medicaid members. Like all states that are expanding Medicaid, in 2016 that reimbursement rate will begin to lower eventually to 90% in 2020, where it will remain indefinitely.

The ACA enhanced federal funding increases Connecticut’s total matching rate from the historic 50% rate to almost 60%.<sup>3</sup>

CT federal funds matching rate	
<2014	50%
FY 2015	53.2%
FY 2016	59.4%
FY 2017	59.5%
FY 2018	58.3%

Over the next four years Connecticut’s state share of Medicaid spending is expected to average much slower annual growth than total US Medicaid costs.<sup>4</sup>



Source: OPM; [National Health Expenditure Data](#), CMS

**Bottom line:** Due to higher federal reimbursements and program reforms, it is expected that Connecticut’s Medicaid state spending levels will remain under control into the next biennium and beyond.

<sup>3</sup> Calculations from OPM communications

<sup>4</sup> [Projections](#), National Health Spending Accounts, CMS, accessed 2/24/14; OPM communications