



Connecticut Medicaid costs stable after COVID but rising hospital spending needs monitoring

March 4, 2023

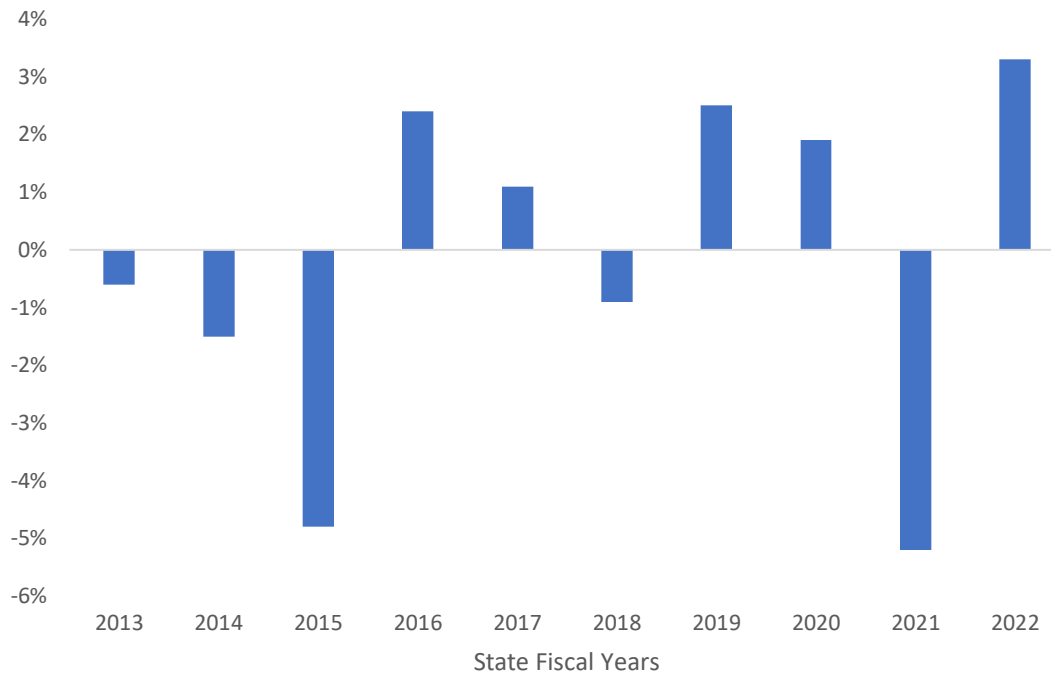
Connecticut Medicaid per member costs are stable and growing slower than other states. CT Medicaid per member costs are lower than all but 27 other states, just below the median. But hospital spending increases could erode that progress. Medicaid is not the driver of rising state budgets, growing less than state employee benefits or the General Fund. Connecticut Medicaid is very efficient with lower administrative costs than other states or private insurance plans. COVID's financial impact is easing.

Since switching from managed care organizations in 2012 to focus on care management, Connecticut Medicaid spending has stabilized while enrollment has expanded significantly, according to the state's latest financial report.

Medicaid is not the source of rising costs to taxpayers. State spending on Medicaid has lagged significantly behind increases for state employee health benefits and total General Fund spending. Connecticut spends less of our state budget on Medicaid than most states. Since 2014, federal Medicaid matching funding to Connecticut has increased significantly.

Connecticut Medicaid is very efficient. Administrative burden in the program is a third lower than for other state Medicaid programs and four-fold lower than Connecticut commercial insurance plans. This is likely because, unlike other states, Connecticut Medicaid no longer uses private, for-profit insurers to run our program.

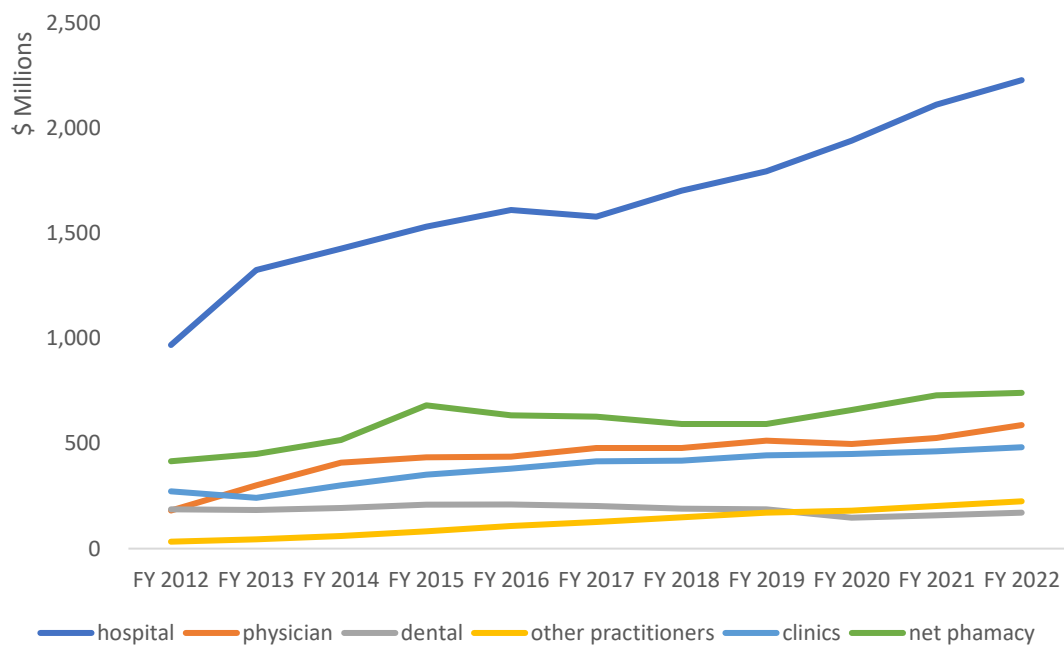
CT Medicaid per member cost, annual change



Per member spending in Connecticut’s Medicaid program dropped significantly from 2013 through 2015, after switching from managed care. However, per member spending slowly increased for five years after that. When COVID hit, health care spending dropped, as it did across the US. Per member spending increased last year, but still below pre-COVID levels.

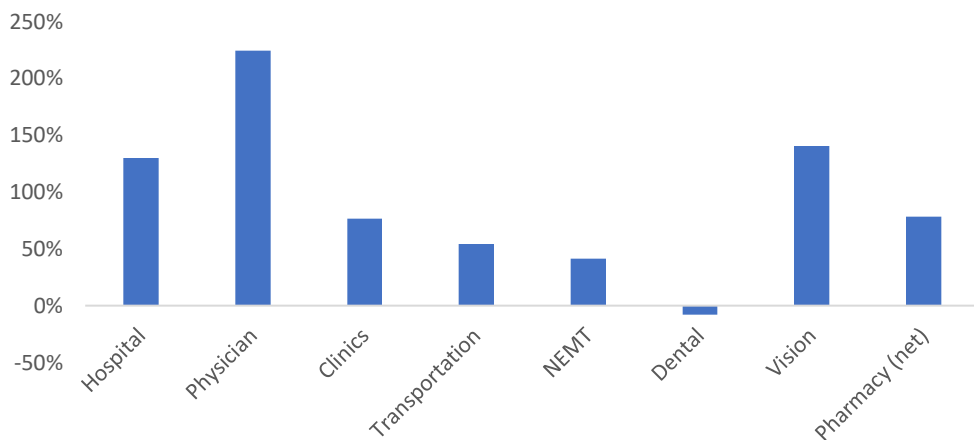
At \$8,405 in 2019, Connecticut Medicaid per member costs were just below the median for all states. According to CMS, in 2019 Connecticut ranked 28th highest in per member costs, down from 19th the year before.

CT Medicaid spending by service



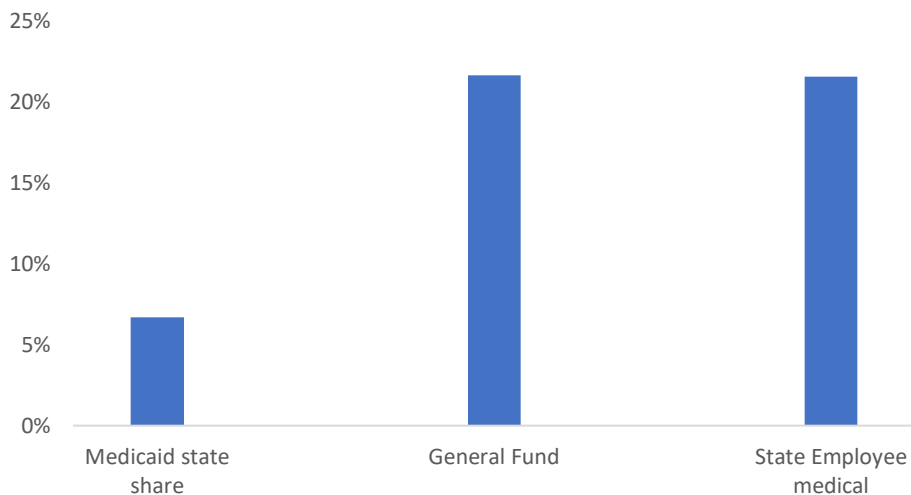
Between 2012 and 2022, the largest share of Medicaid spending was on hospital services, both inpatient and outpatient care.

CT Medicaid change FY 2012 to 2022



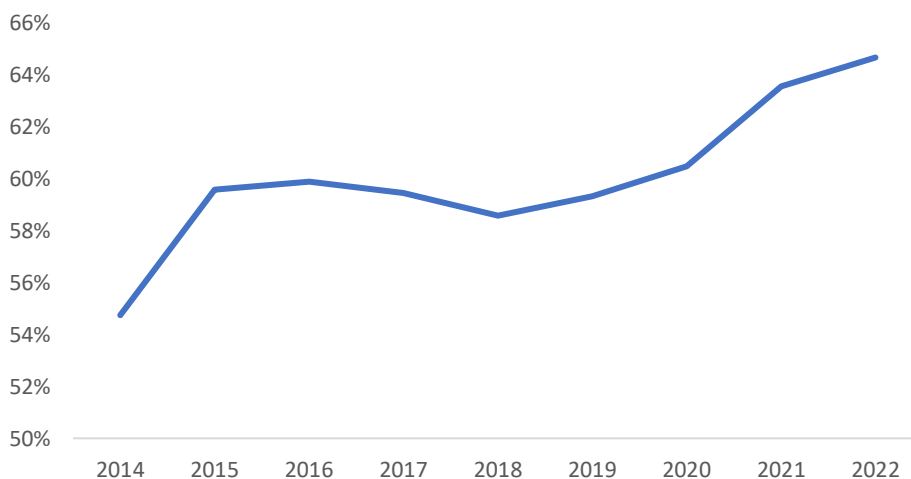
While physician costs grew faster than other services from 2012 to 2022, hospital costs were the largest contributor to rising Medicaid spending.

Change CT state spending 2014 to 2022



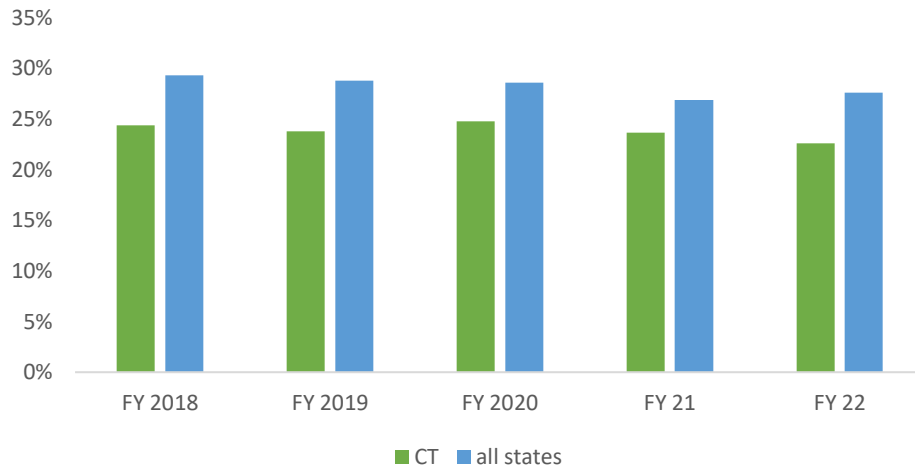
Medicaid is not the driver of rising state spending. Between 2014 and 2022, Connecticut Medicaid spending grew less quickly than state employee/retiree health benefit spending or the total General Fund.

Federal share of CT Medicaid



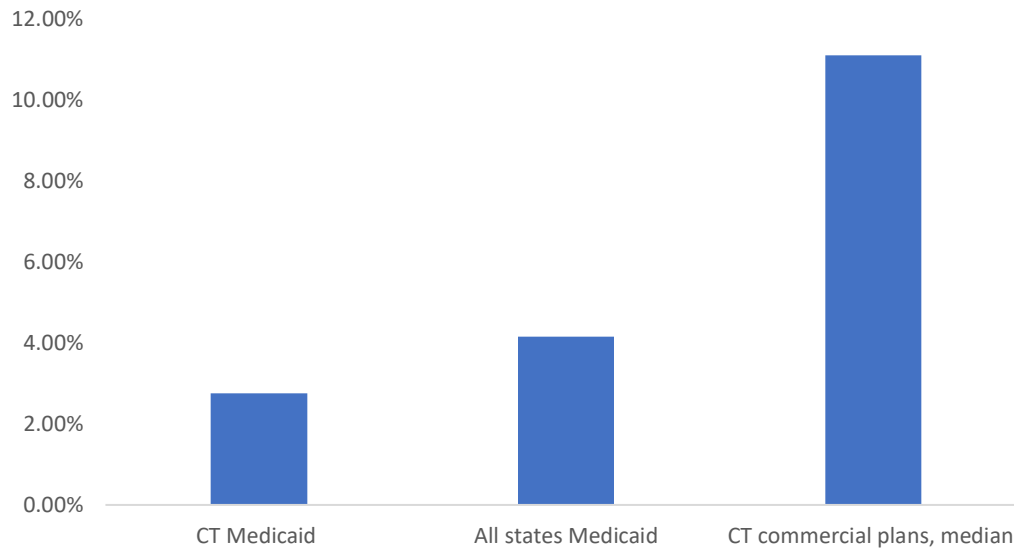
The federal share of Connecticut Medicaid spending rose to 65% last year, up from 55% in 2014. Variations were due to the stepped reduction in the expansion population match rate under the Affordable Care Act and the COVID match increase.

Medicaid percent of state budgets



Our state consistently spends less of our state budget on Medicaid than other states. Last year, Medicaid comprised 24% of Connecticut’s state budget compared to the 28% average for all states.

Administrative costs 2021



At 2.8%, Connecticut Medicaid’s administrative burden is well below other state Medicaid programs averaging 4.2%, while Connecticut commercial insurers had 11.1% median administrative costs.

Sources:

[Financial Trends in the Connecticut HUSKY Health Program](#), DSS presentation to MAPOC, 2/10/2023

[Consumer Report Card On Health Insurance Carriers In Connecticut](#), CT Insurance Dept., October 2021

[2022 State Expenditure Report](#), NASBO

[Medicaid per capita expenditures](#), Medicaid.gov, accessed 3/4/2023

Comprehensive Financial Status Reports, DSS