CT Medicaid Home & Community Services spending up, But that's what we want

July 9, 2026

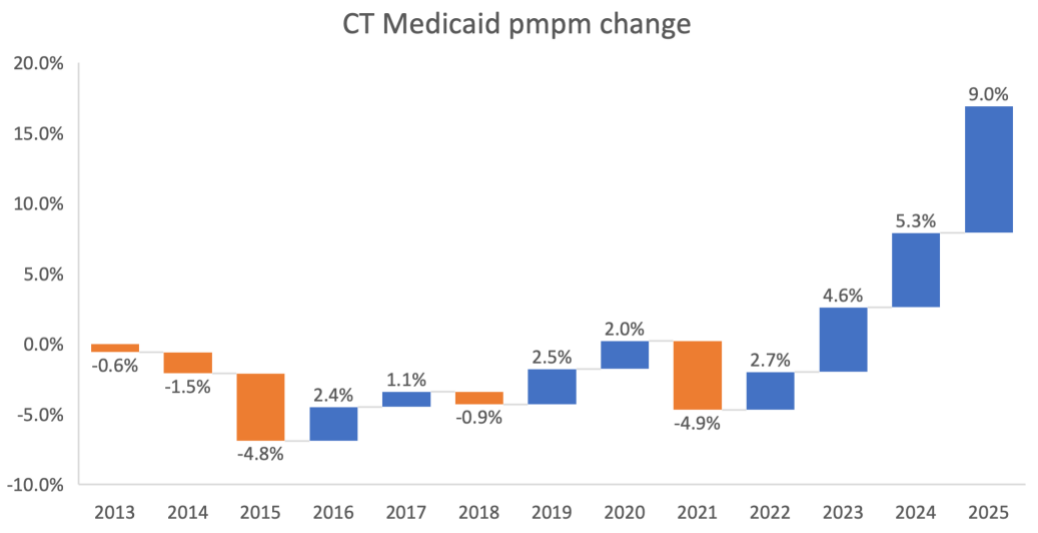
Recently, Connecticut Medicaid per member costs have grown significantly while enrollment is easing, according to the latest state financial report. **Since switching from managed care organizations in 2012 to focus on care management, Connecticut Medicaid spending had stabilized while enrollment expanded significantly**. With COVID, enrollment grew and per member costs dropped. Post-COVID enrollment has dropped and per member costs have increased.

Rising pharmacy and home & community based services are driving up per member costs. Pharmacy accounts for 74% of rising costs driven by reduced rebates and expensive new drugs.

Long term services and supports (LTSS) care account for 23% of rising costs. This was intentional. Long-standing policies in Connecticut Medicaid and at CMS support fragile members remaining at home if possible and if they wish. Rebalancing of institutional care with home & community based care has led to an increase in home-based care spending. **However, costs for home & community care in Connecticut are rising at just half the national rate.** Community First Choice program costs are expanding the fastest among LTSS services.

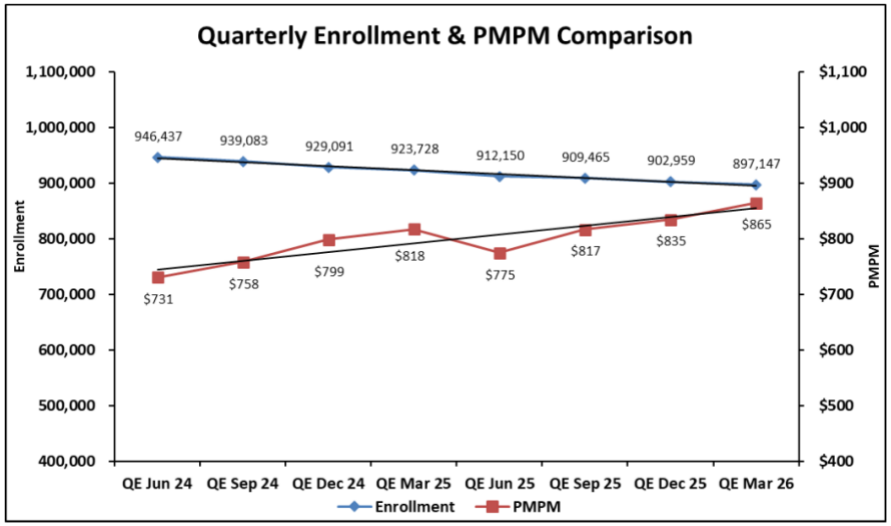
Connecticut Medicaid is very efficient. Administrative burden in the program is four-fold lower than Connecticut commercial large group plans. This is likely because, unlike most states, Connecticut Medicaid no longer uses private, for-profit insurers to run our program.

Connecticut also spends less of our state budget on Medicaid than most states. That lower spending frees up $2.8 billion in the state budget for other Connecticut priorities.



Per member spending in Connecticut's Medicaid program increased significantly last year building on a slow increase that mirrored other states' experience. Per member costs dropped from 2013 though 2015, after switching away from private Managed Care Organizations (MCOs) running the program.

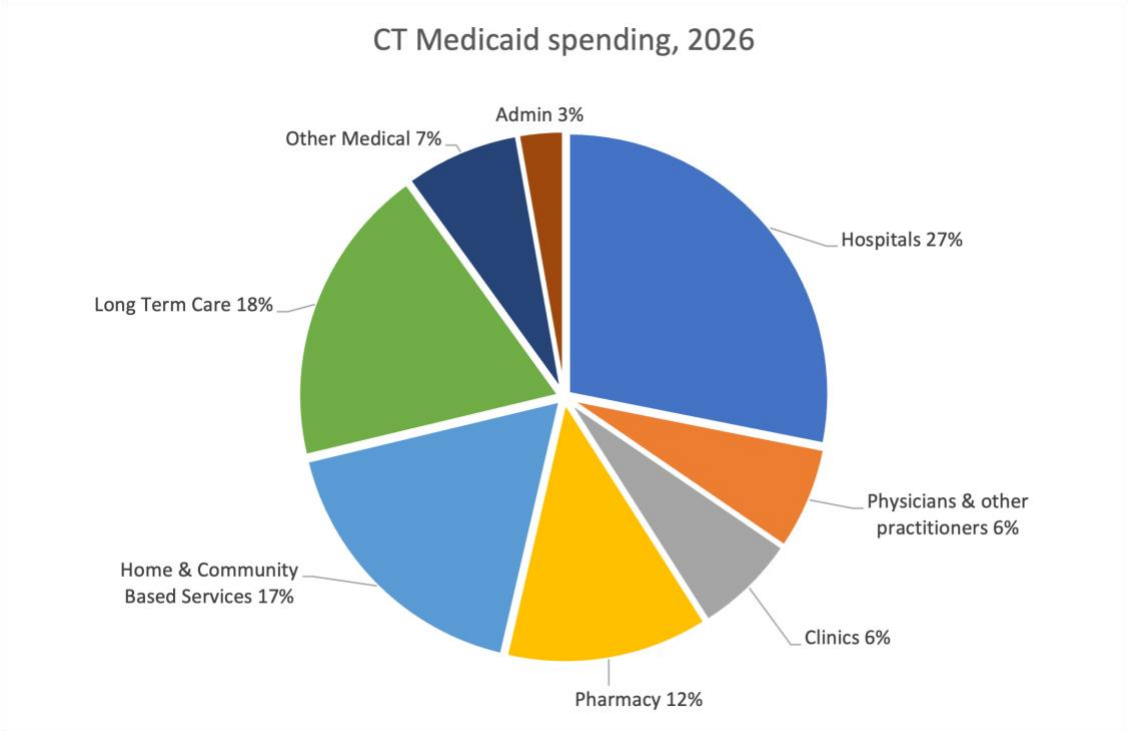
Sources: DSS Medicaid financial reports, 2026, 2025, 2023, 2021



Since 2024, enrollment is returning to the lower pre-COVID levels.

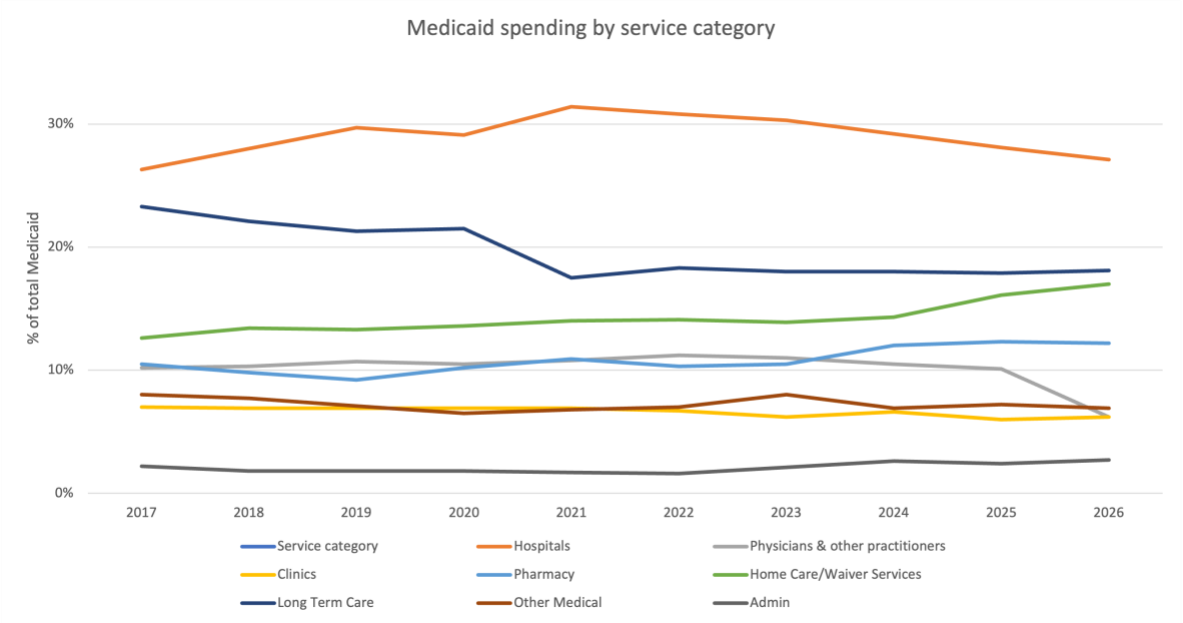
Per member costs rose 9.6% in almost two years from June 2024 to March 2026. Over the same period, US general inflation fell from 4.8% to 2.9%.

Source: DSS Medicaid financial report, 2026

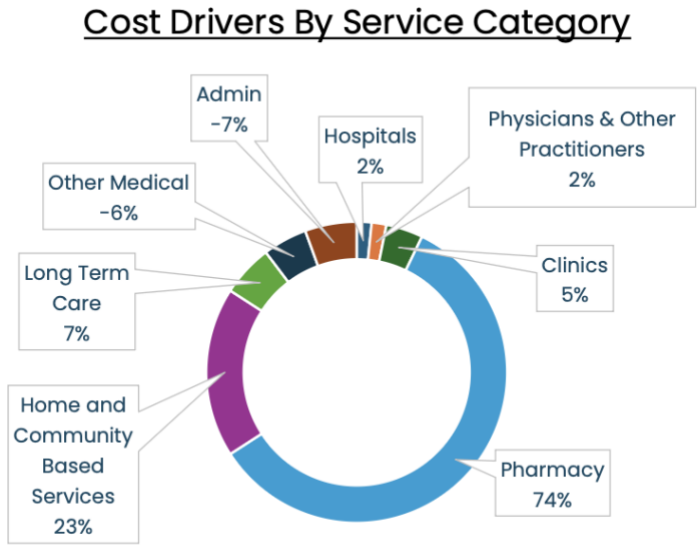


As in the past, hospitals are the largest category of Medicaid spending, followed by Long Term Care, Home & Community Services, and pharmacy spending.

Source: DSS Medicaid financial report, 2026



Sources: DSS Medicaid financial reports, 2026, 2025, 2023, 2021

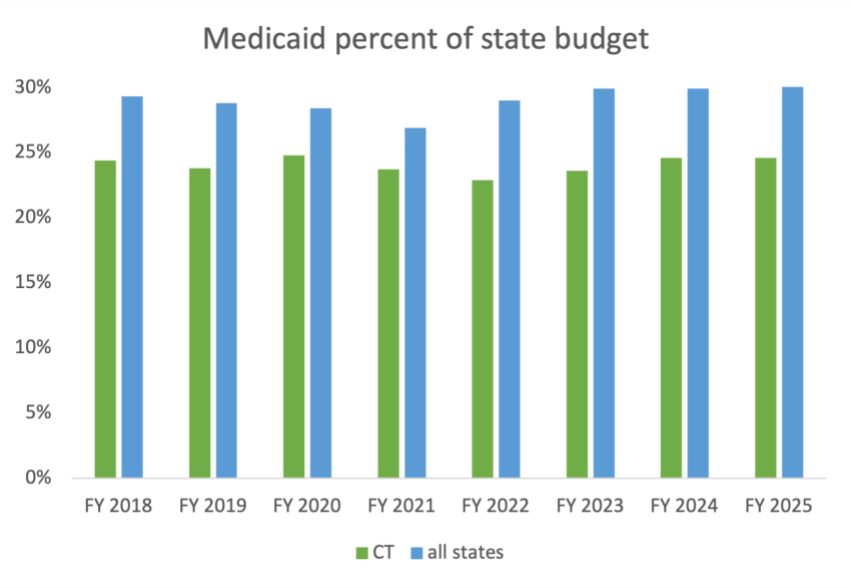


Source: DSS Medicaid financial report, 2026

Since at least 2017, the largest share of Medicaid spending has been on hospital services, both inpatient and outpatient care. Since 2021, that spending has moderated slightly as a percent of the total.

The main drivers to rising Medicaid costs are pharmacy and home & community based long-term services and supports. Pharmacy accounts for three quarters of the cost increase. For Connecticut Medicaid and the rest of the US, the increase is due to reduced rebates and expensive new drugs.

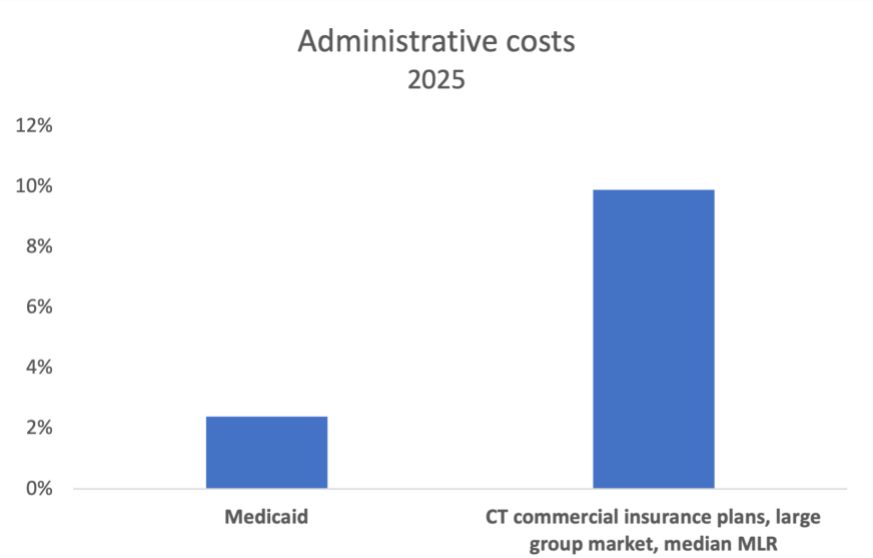
There is more detail later in this report on the increase in home & community-based LTSS services.



Our state consistently spends less of our state budget on Medicaid than other states. Last year, Medicaid comprised 24.6% of Connecticut's state budget compared to the 30.7% average for all states.

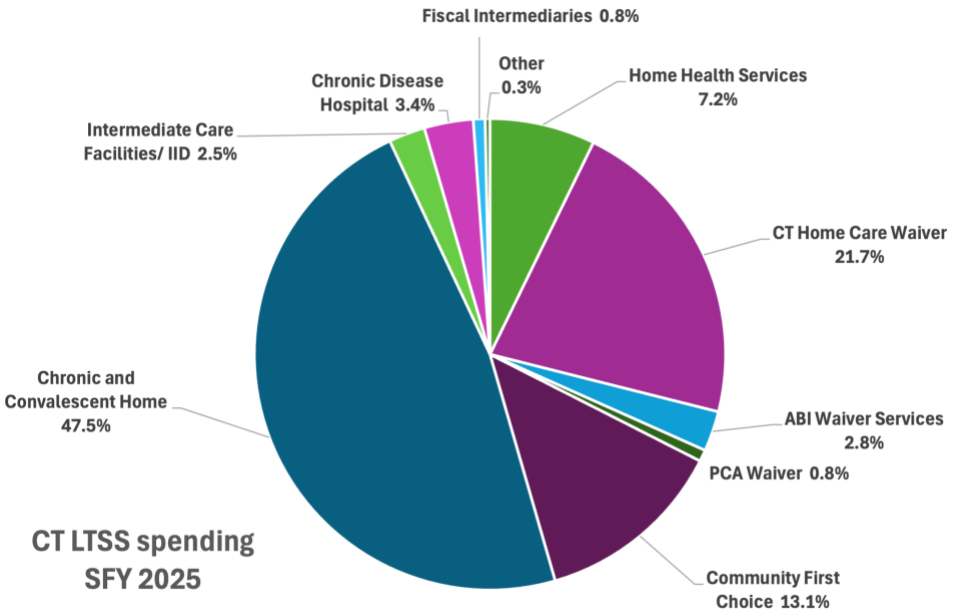
Our state Medicaid program's efficiency allows for $2.8 billion savings in the state budget that is devoted to other Connecticut priorities.

Sources: State Expenditure Reports, NASBO, 2020, 2022, 2024, 2026



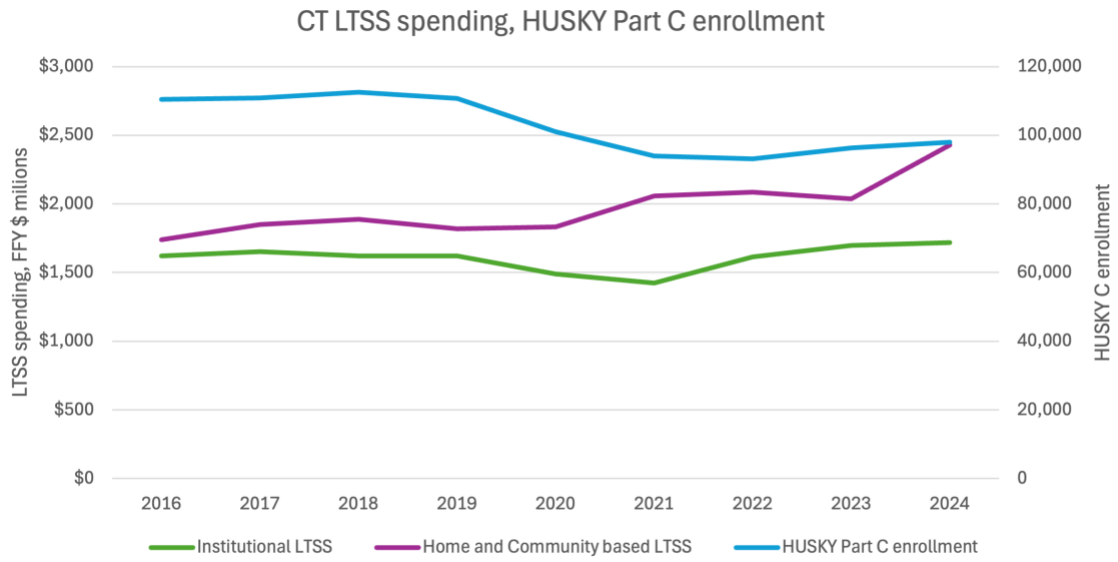
With an administrative burden of 2.4%, Connecticut Medicaid is very efficient. In contrast, Connecticut commercial large group plans spent 9.9% (median) on administrative costs.

Sources: DSS Medicaid financial report, 2026; Consumer Report Card, CID, 2025



Institutional care comprises over half of Connecticut's LTSS spending. For over a decade, both state and federal policymakers have been working to rebalance that spending with home & community based care.

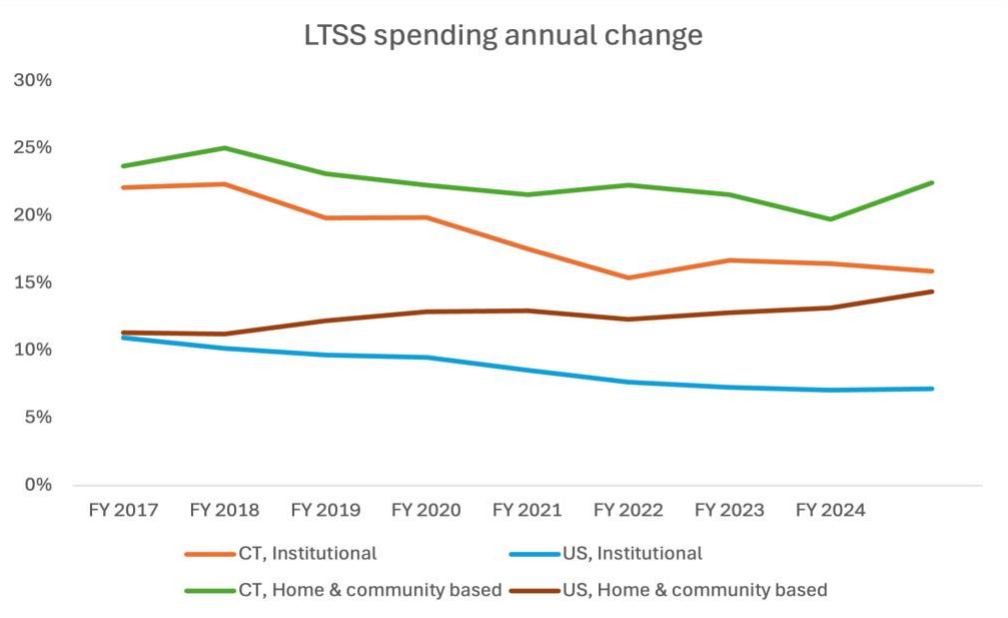
Source: Comprehensive Financial Status Report, DSS

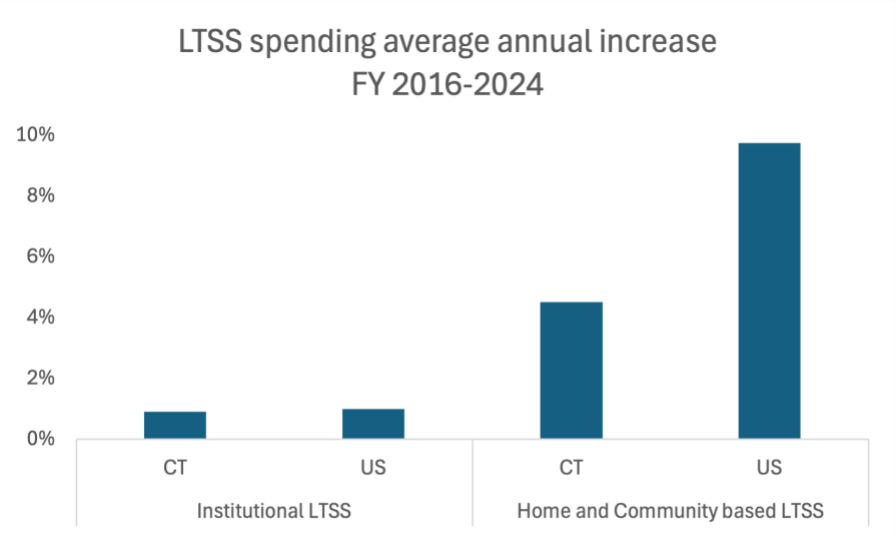


HUSKY Part C (seniors and people with disabilities) members are the main consumers of LTSS care. Enrollment in HUSKY Part C dropped during COVID and has not recovered.

In keeping with rebalancing policy, spending on home & community based care has increased significantly since COVID, while institutional care is stable.

Sources: Comprehensive Financial Status Report, Medical Benefit Plan Participation, DSS



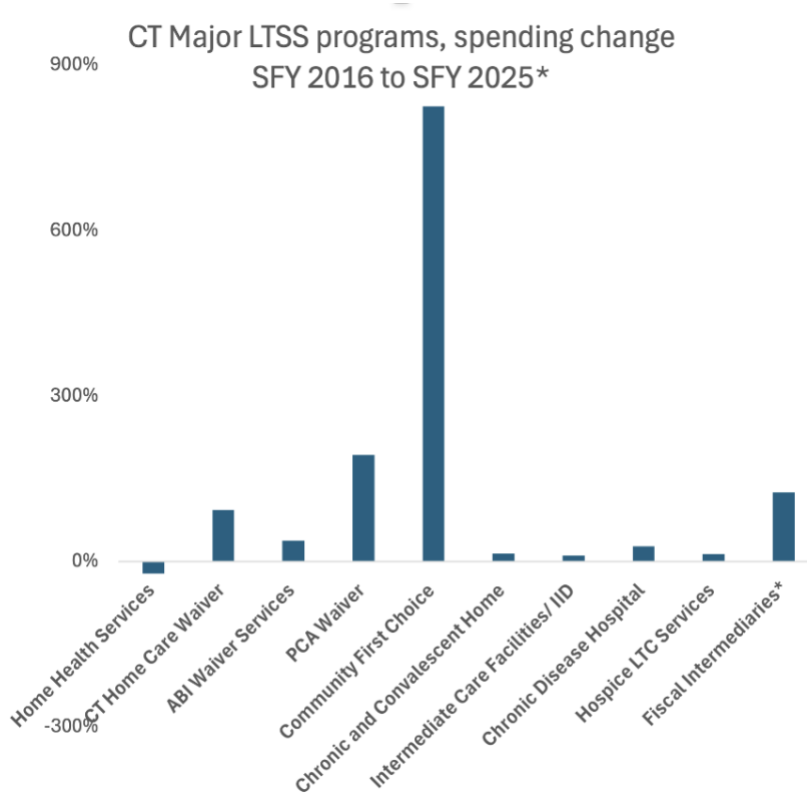


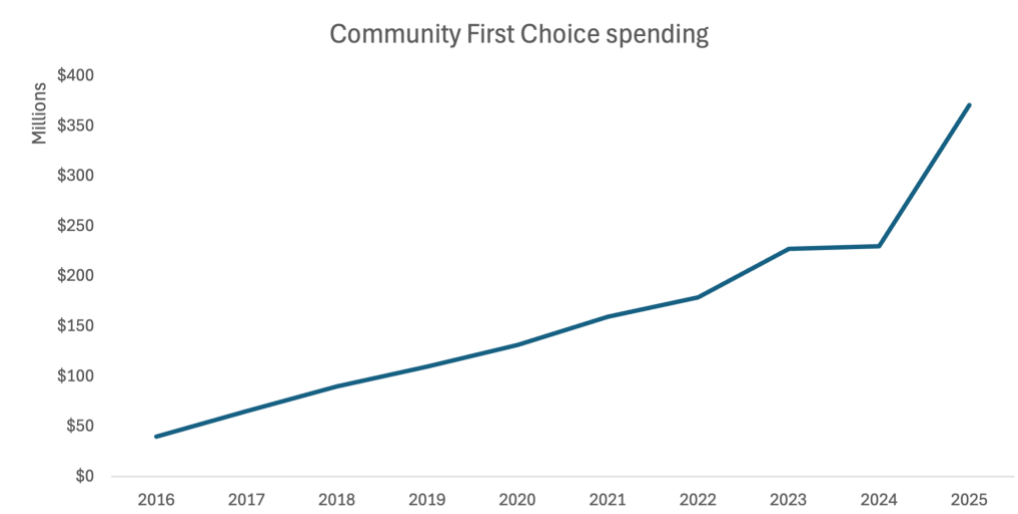
In comparison to the rest of the US, Connecticut per member spending on LTSS is higher, as it is for most healthcare services.

Both Connecticut and other states are making progress rebalancing spending between institutional and home & community based care.

Between 2016 and 2024, Connecticut's increase in per person home & community based care has been less than half the national average.

Source for both charts: MACStats, Exhibit 17





While the Community First Choice program comprises 13% of total LTSS spending in Connecticut, it is also had the largest increase in spending from 2016 to 2025. Those costs also rose faster last year.

Source for both charts: Comprehensive Financial Status Report, DSS

Sources:

DSS MAPOC Presentation, June 12, 2026

Financial Trends in the Connecticut Medicaid Program, DSS presentation to MAPOC, 3/14/2025

Financial Trends in the Connecticut HUSKY Health Program, DSS presentation to MAPOC, 2/10/2023

Financial Trends in the Connecticut HUSKY Health Program, DSS presentation to MAPOC, 1/8/2021

Consumer Report Card On Health Insurance Carriers In Connecticut, CT Insurance Dept., October 2025

2024 State Expenditure Report, NASBO, 2020, 2022, 2024, 2025

DSS Comprehensive Financial Status Reports, Section D, Medical Assistance Expenditure, June reports, 2016 through 2025, provided by DSS

MACStats, Exhibit 17, MACPAC, 2016 through 2025

Medical Benefit Plan Participation, DSS