



Governor Ned Lamont

Fact Sheet: 2026 Legislative Proposal

HOUSE BILL 5040

AN ACT IMPLEMENTING THE GOVERNOR'S BUDGET RECOMMENDATIONS FOR HEALTH AND HUMAN SERVICES

The Current Situation

Implement the Governor's budget recommendations related to health and human services.

Governor Lamont's Solution

In total, the initiatives will result in net savings of \$790,000 in FY 2027 (\$2.3 million after factoring in the federal share).

Section 1 standardizes benefit levels under the State Administered General Assistance (SAGA) program. SAGA provides cash assistance to adults who are either permanently or temporarily unable to work due to a documented medical condition and whose income and assets are below program limits. Eligible individuals are determined to be unemployable by meeting medical, non-medical, or transitional unemployability criteria. Individuals that meet the medical or non-medical criteria are generally eligible to receive a \$262 per month benefit. Individuals that meet the transitional criteria and have shelter expenses also receive \$262 per month. Transitional individuals without shelter expenses are eligible to receive \$66 per month until the Department of Social Services (DSS) completes a medical review and, if that review concludes the individual is unemployable, then the person is eligible to receive \$262 per month, retroactively and ongoing, for the duration that the medical review permits while in receipt of SAGA assistance. DSS is required to retroactively increase the \$66 monthly benefit issuances to ensure the SAGA participant receives \$262 per month for the time period eligible. This proposal eliminates the temporary payment standard reduction for transitional



persons who receive SAGA, reducing the delay in receipt of benefits for needy beneficiaries and reducing the administrative burden for processing by the agency. Costs of \$56,000 in FY 2027 are anticipated.

Section 2 adds antiretroviral drugs to the preferred drug list. Public Act 02-1 (Public Act 02-1 required DSS to establish a preferred drug list under Medicaid and exempted antiretroviral drugs to ensure that medically appropriate drug therapies would be available to all Medicaid patients. Now, over two decades later, there have been significant advances in the treatment of HIV and, in recognition of this, the bill removes this exemption. Including antiretroviral medications on the preferred drug list will not only allow the state to receive supplemental rebates on these drugs, but it will also allow for better management of these medications as their inclusion on the preferred drug list will help to ensure practitioners are aligning with clinical criteria and best practices. Savings of \$950,000 in FY 2027 (\$2.4 million after factoring in the federal share) are anticipated.

Section 3 maintains MED-Connect income and asset limits at April 2025 levels. Public Act 24-81 expanded the Medicaid for Employees with Disabilities (MED-Connect) program, which provides Medicaid coverage to employees with disabilities. Specifically, it required DSS to increase the income limits from \$75,000 to \$85,000 and double the asset limit (to \$20,000 for individuals and \$30,000 for couples) effective April 1, 2025, and phase in the elimination of income and asset limits over four years beginning July 1, 2026, by annually increasing the income limit by \$10,000 and the asset limit by \$10,000 for individuals and \$15,000 for couples, with all income and asset limits to be lifted effective July 1, 2029. When fully annualized in FY 2030, this expansion in coverage is projected to result in state costs of over \$8.3 million (\$16.6 million after factoring in the federal share). Given the significant costs, this bill maintains the income and asset limits at the April 1, 2025 levels. Savings of \$1.0 million in FY 2027 (\$2.1 million after factoring in the federal share) are anticipated.

Section 4 extends general rate increases under group home agreement to intermediate care facilities. In each of the three years of the agreement, the group home agreement with 1199 SEIU provided for a general rate increase for

all Department of Developmental Services (DDS) private providers—union and non-union—and an additional increase for all DDS residential private providers. Because the definition of residential private providers under the agreement includes intermediate care facilities (ICFs) in DSS, the enacted budget included funding in DSS to support a 1.4% increase effective July 1, 2025, and a 2.8% increase effective July 1, 2026, for ICFs. To address concerns that these lower increases for ICFs result in inequities for employees of providers that support both ICFs and DDS group homes, this bill extends the general rate increases to ICFs in both FY 2027 and FY 2028. Costs of \$1.1 million in FY 2027 (\$2.1 million after factoring in the federal share) are anticipated.

Section 5 clarifies nursing increases under nursing home settlement are for direct care only. The nursing home agreement with 1199 SEIU provides for wage increases (and associated benefits) for employees in the staffing categories of registered nurse, licensed practical nurse, nurse's aides, dietary, housekeeping, laundry, and maintenance and plant operation personnel. In alignment with the agreement, the enacted budget included funding to support the cost of the agreement based on the expectation that the increases would be limited to staff providing direct care services and support. DSS, however, has received rate appeals from numerous nursing homes seeking increases for registered nurses and licensed practical nurses that serve in administrative roles. This bill clarifies the intent of the wage enhancement program and its focus on staff providing direct care services and support and will help to ensure the costs of the agreement do not exceed the funding appropriated for this purpose.

Section 6 authorizes Medicaid prescription cost effectiveness review. Prescription drug spending continues to be one of the most significant cost drivers for the Medicaid program. This section will enable DSS to periodically review available data on the clinical effectiveness of outpatient prescription drugs and contract with a third-party to conduct comparative effectiveness review of any such drug. The results of any comparative effectiveness review may be made public and shared with any entity or any multistate prescription drug purchasing collaborative of which Connecticut is a member state to help negotiate additional supplemental rebate agreements beyond any rebates required under federal law.