

1 **WORKING DRAFT**

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3 **A PROPOSAL TO INCREASE THE FEDERAL RESOURCES AVAILABLE UNDER**
4 **MEDICAID REVENUE MATCHING RULES FOR STATE PROBATE COURT**
5 **EXPENDITURES PROVIDED FOR MEDICAID APPLICATION ASSISTANCE AND**
6 **CASE MANAGEMENT SERVICES TO CONSERVED INDIGENT MEDICAID**
7 **APPLICANTS AND RECIPIENTS ON BEHALF OF THE DEPARTMENT OF SOCIAL**
8 **SERVICES UNDER A FORMAL INTERAGENCY COOPERATIVE AGREEMENT.**

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10 **SUMMARY:**

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12 This proposal makes the case that state appropriations expended by the Probate Court to
13 provide Medicaid application assistance and case management services to indigent Medicaid
14 applicants and recipients provided by contracted conservators qualify as expenditures incurred
15 “for the proper and efficient administration” of Connecticut’s State Medicaid plan and are
16 therefore eligible for at 50% federal match pursuant to 42 U.S.C. § 1396b(a)(7) and 42 C.F.R. §
17 433.15(b)(7). These Medicaid administrative activities have been provided for many years in
18 furtherance of the implementation of Connecticut’s Medicaid program. If properly and formally
19 structured in a cooperate interagency agency agreement between Connecticut’s Medicaid agency
20 (the Department of Social Services) and the Probate Court, such expenditures should be eligible
21 for 50% federal Medicaid matching funds. Capturing federal matching funds for the first time in
22 this manner has the potential to increase the resources available to support Probate Court-
23 provided Medicaid application assistance and case management services to indigent conserved
24 Medicaid applicants and recipients for the period SFY 27 and SFY 28 to \$18.75 million from the
25 current projected \$10 million, a net gain of \$8.75 million for the two-year period. ***CAVEAT:***
26 ***This fiscal analysis is presented for illustrative purposes as the specific amount that is***
27 ***appropriated and expended by the Probate Court is an estimate, and may be annualized***
28 ***depending on implementation timelines. Accordingly, this estimate must be adjusted in***
29 ***accordance with the specific amounts appropriated and expended by the Probate Court for***
30 ***indigent Medicaid applicants and recipients.***

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32 Under Section 1903 of the Social Security Act (42 U.S.C. § 1396b), Connecticut receives
33 federal reimbursement for various State expenditures related to the State’s approved “Medicaid
34 state plan.” For these expenditures of “medical assistance,” each state receives a state-specific
35 “Federal medical assistance percentage” (FMAP), which is currently 50% for Connecticut. In
36 addition to this type of federal reimbursement under 42 U.S.C. § 1396b(a)(1), Connecticut also
37 receives a 50% reimbursement under 42 U.S.C. § 1396b(a)(7) and 42 C.F.R. § 433.15(b)(7) for
38 all “amounts expended ... as found necessary by the Secretary [of Health and Human Services]
39 for the proper and efficient administration of the State [Medicaid] plan.” Connecticut can and
40 should be receiving federal Medicaid matching funds representing 50% of Probate Court
41 conservator costs incurred in providing Medicaid application assistance and case management
42 services to indigent conserved Medicaid applicants and recipients. Federal law authorizes a state
43 Medicaid agency to claim for federal reimbursement the costs associated with implementation
44 of an interagency cooperative agreement. Appropriately characterizing significant state costs
45 now being experienced in the Probate Court as Medicaid application and case management
46 assistance to Medicaid applicants is permitted and encouraged by federal Medicaid law as it

advances the goals and purposes of the federal Medicaid program in the area of services to the aged and persons with disabilities.

Moreover, appropriately receiving federal matching funds for state expenditures advances longstanding state policy goals of maximizing federal revenues when such state expenditures directly implement provisions of Connecticut's Medicaid program. Finally, achieving federal matching funds in this area will have the effect of making additional state resources available for the purposes of increase and retaining the supply of badly-needed conservators to address the needs of Connecticut's increasing aged and disabled indigent population needed Probate court appointed conservators. Indeed, the current costs of providing these services to Medicaid applicants and recipients is well-documented in the Probate Court Administrator's annual reports and such state costs are forecasted to increase markedly as our state's aged population rises over the next years and decades.

For these reasons, Connecticut can and should move forward with a federal revenue maximization policy that achieves federal matching funds for the legitimate Medicaid application assistance and case management services provided to indigent Medicaid applicants and recipients currently paid solely with state funds. Finally, absent a significant increase in the resources available to address the current and anticipated increased needs of Connecticut's aged and disability population, Connecticut will be significantly challenged and under-resourced to address the anticipated needs of this component of the state's Medicaid population.

This new initiative to appropriately capture federal Medicaid matching funds should be structured in a formal interagency cooperative agreement, titled:

“AN INTER-AGENCY COOPERATIVE AGREEMENT BETWEEN THE DEPARTMENT OF SOCIAL SERVICES AND THE PROBATE COURT FOR THE PURPOSE OF IMPLEMENTING MEDICAID APPLICATION ASSISTANCE AND CASE MANAGEMENT SERVICES ON BEHALF OF THE DEPARTMENT OF SOCIAL SERVICES FOR CONSERVED INDIGENT MEDICAID APPLICANTS AND RECIPIENTS IN ACCORDANCE WITH FEDERAL LAW.”

State Fiscal Impact Analysis and Estimates

1. Significant federal revenue gain estimated. State net liabilities do not increase under this proposal as increased spending for Probate Court services provided to indigent Medicaid applicants and recipients is fully funded through increased federal revenues. Therefore there is no negative fiscal impact on the Connecticut state budget in implementing this policy.

2. Significant state revenue gain. However, the increased state revenue from the federal revenue obtained from the state expenditures at a 50% federal Medicaid matching rate will significantly produce new state revenue.

3. Reinvestment of new federal revenue in Probate Court. The new federal revenue can and should be directed to the Probate Court in increased appropriations (fully supported by increased

federal revenue) for the purpose of implementing policies that will increase the supply of conservators serving Medicaid applicants and recipients with increased payments for providing Medicaid application assistance and case management duties for indigent Medicaid applicants and recipients.

For example, this proposal estimates that approximately \$8.75 million in net increased state and federal resources will be available over a two-year period. Here is the general calculation assuming:

SFY 2027 State Appropriations = \$5 million

SFY 2027 Federal Medicaid 50% Match = \$2.5 million (redirected to Probate Court in increase of \$2.5 million appropriation for the purpose of increasing conservator fees)

TOTAL increase available to support Probate Court conservator fees for SFY 2027 = \$7.5 million.

SFY 2028 State Appropriations = \$7.5 million

SFY 2028 Federal Medicaid 50% Match = \$3.75 million

SFY 2028 Total = \$11.25 million

Total Projected SFY 2027 (\$7.5 million) and 2028 (\$11.25 million) = \$18.75 million

Total Net projected increase \$18.75 million minus \$10 million = \$8.75 million.

Conclusion: This proposal has the potential to increase the amount of resources (state and federal) available to pay for Probate Court conservator Medicaid application assistance and Medicaid case management by \$8.75 million without increasing the net state liability.

Here is a first “working draft” of statutory language for introduction in the 2026 session of the Connecticut General Assembly:

Section 1. (a) The Commissioner of Social Services shall enter into a cooperative interagency agreement with the Probate Court Administrator for the purpose of providing Medicaid application assistance to indigent conserved individuals in need of Medicaid long term care services and supports. Such cooperative interagency agreement shall include, but may not be limited to, the following components:

(A) A probate court fee to be paid to conservators, in accordance with a memorandum of understanding prescribed by the Probate Court that may be increased within available appropriations for application assistance provided to a conserved Medicaid applicant of \$1,350.00 for a completed Medicaid application and any verifications and documentation or

actions that may be needed to establish Medicaid eligibility for the conserved indigent Medicaid applicant or recipient;

(B) A probate court fee to be paid to the conservator of \$90 per month for providing case management services needed to assure, among other things, the continued and ongoing Medicaid eligibility of the conserved indigent Medicaid recipient.

(C) The Commissioner of Social Services shall within available appropriations take such steps as may be necessary to claim and receive federal Medicaid matching funds in the maximum percentage available for any state resources expended in providing Medicaid application assistance and case managed services for conserved Medicaid applicants and recipients in accordance with this section and in accordance with federal law. The Probate Court shall, in a format prescribed by the Commissioner of Social Services, provide such reports as may be required by the Commissioner to submit claims for federal Medicaid matching funds in accordance with this section.

(b) The Commissioner of Social Services shall amend the Medicaid state plan with the federal Centers for Medicare and Medicaid Services (CMS), if required, to implement the provision of this section.