



Legislative Briefing: A Sustinet Update

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Overview

- 2009: SustiNet legislation passed by the General Assembly
- 2010: Board deliberations
- 2011: the path going forward

Appendix: how SustiNet could improve health care

2009

SUSTINET LEGISLATION

Basic vision of 2009 law

- Emerged from extensive stakeholder consultation in 2008
- Basic goals and policy elements
 - Cover the uninsured, through HUSKY expansion and premium subsidies
 - Slow health care cost growth while improving quality
 - ❖ A new health plan, SustiNet, implements the country's best thinking about how to reform health care delivery
 - ❖ SustiNet starts with state workers/retirees, Medicaid and HUSKY. It then becomes a choice for municipalities, private employers, and families.
 - End insurance company discrimination against people with preexisting conditions

Final legislation in 2009

- The SustiNet/Partnership Board of Directors was created to flesh out the details of this vision
 - Interim report to the Legislature 60 days after enactment of federal reform
 - Final report by January 2011
- Governor Rell vetoed the legislation
- The General Assembly overrode the veto

2010

BOARD DELIBERATIONS

Board process

- Members appointed by Governor and Legislature
- 5 committees and 3 task forces addressed key issues
 - More than 160 volunteer participants
 - By July 1, 2010, reported detailed recommendations to the SustiNet Board and the Legislature
- Board action
 - 19 open meetings, 2 hearings for public testimony
 - May 30: “60-day” report analyzed impact of federal reform
 - ❖ Many common elements with SustiNet and federal reform
 - Dr. Jonathan Gruber of MIT modeled cost and coverage effects
 - Final report will make legislative recommendations

What will the Board propose?

- Nothing is final
- What follows reflects a general sense of where the Board seems to be headed
- General areas of proposal
 - What is the SustiNet plan?
 - Who is in the SustiNet plan?
 - How does the proposal achieve its goals?

What is the SustiNet plan?

- A publicly-administered plan, applying the country's best thinking about reforming health care delivery to slow cost growth while improving quality
 - Patient-centered medical homes
 - Health information technology
 - Incentives for evidence-based medicine
 - Payment reforms
- Administered by independent authority
 - Time-limited step: use current staff within an existing agency
 - Can adjust delivery system/payment reforms based on new evidence
- Areas of focus include chronic illness and racial/ethnic disparities

Who is in Sustinet?

- Phase I: current state-sponsored populations
 - Categories
 - ❖ Medicaid and HUSKY
 - ❖ State employees and retirees
 - Approach
 - ❖ Short-term goal: slow cost growth
 - ❖ Common platform for delivery system reforms
 - ❖ Important differences (e.g., benefits, legal constraints, payment rates)
- Phase II: an option for municipalities, small firms, non-profits
 - Before 2014, if feasible
- Phase III: an option for other employers and residents
 - Starting 1/1/2014
 - Offered both inside the exchange and in other venues

SustiNet as an option in commercial markets

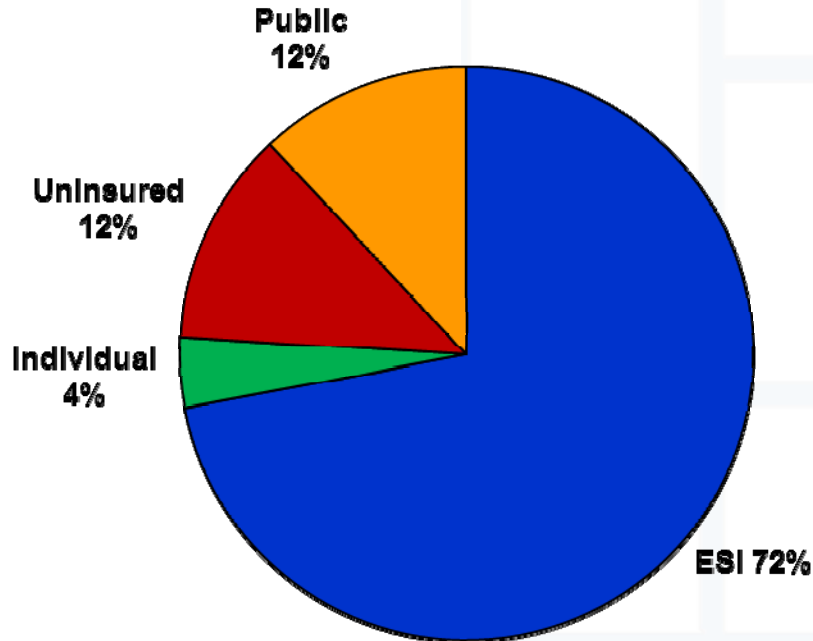
- Commercial-style benefits
 - Must meet state benefit requirements
- Follow applicable market rules, to prevent adverse selection
 - Premium rating rules for individual and small group markets
 - For employers large enough to self-insure, can experience-rate premiums
- Will require preparation – e.g.:
 - Need insurance license to be sold in the exchange
 - Business plan, feasibility study

Goal #1: covering the uninsured

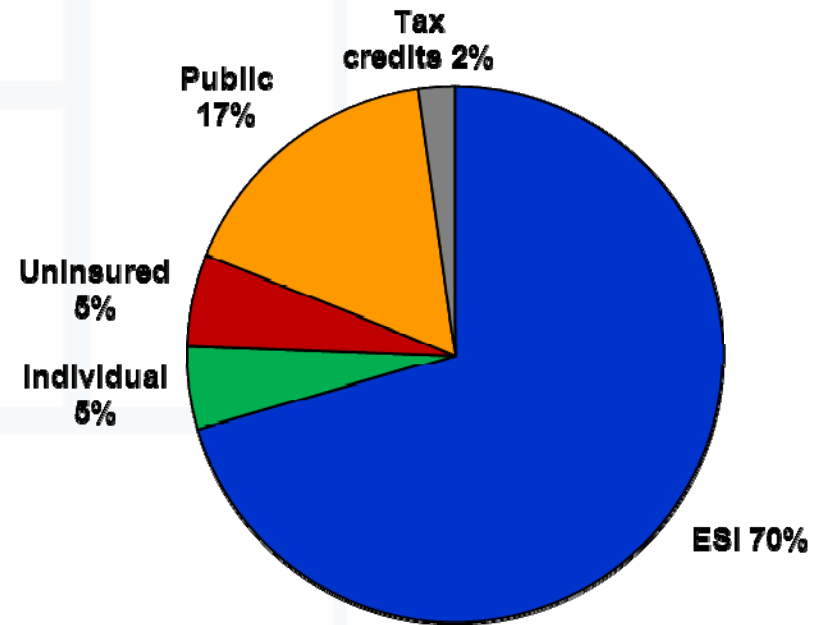
- Before 2014, HUSKY covers all adults up to 185 percent of the federal poverty level (FPL)
 - *Depends on finding resources.* Could cover 60,000 people, creating net state costs of \$100 to \$150 million a year. Just until 2014.
- Starting in 1/1/14, much more federal money.
 - HUSKY to 133% FPL. Federal Medicaid dollars pay 90-100% of costs for newly eligible adults.
 - HUSKY for adults at 133-200% FPL. Federal Basic Health Program (BH) dollars pay 100% of all costs.
- Net results (2017):
 - 200,000 fewer uninsured, a 55% drop
 - Among small firms:
 - ❖ Employer-sponsored insurance (ESI) falls by 9-10%, saving firms \$410-\$415 million
 - ❖ Most employees leaving small-group ESI shift to the exchange

Coverage of residents under age 65, with and without SustiNet plus federal reform: 2017

Projection without reform



Projection with reform



Notes: “Individual” coverage includes unsubsidized coverage in the exchange.

Source: Gruber Microsimulation Model, November 2010.

Effect on state budget, 2014 and beyond

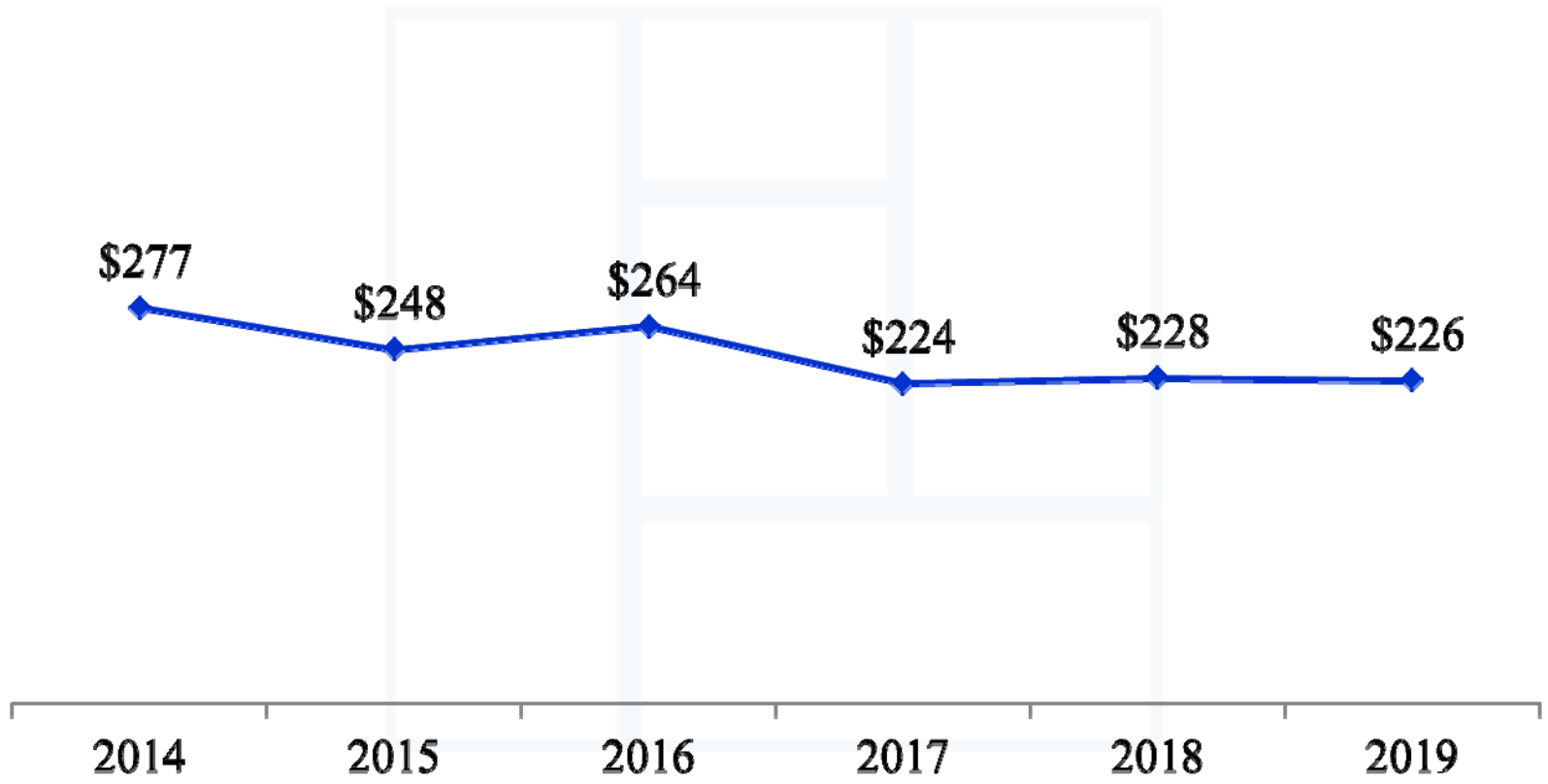
● Ongoing savings

- Federal funds substitute for state spending
 - ❖ Federal government pays >95% of SAGA costs
 - ❖ Some HUSKY parents shift from 50/50 Medicaid to 100% federally-funded BH
- If SustiNet slows cost growth, additional savings
 - ❖ Pessimistic scenario: no effect on cost growth
 - ❖ Optimistic scenario: cost growth slows by 1 percentage point per year

● Ongoing costs

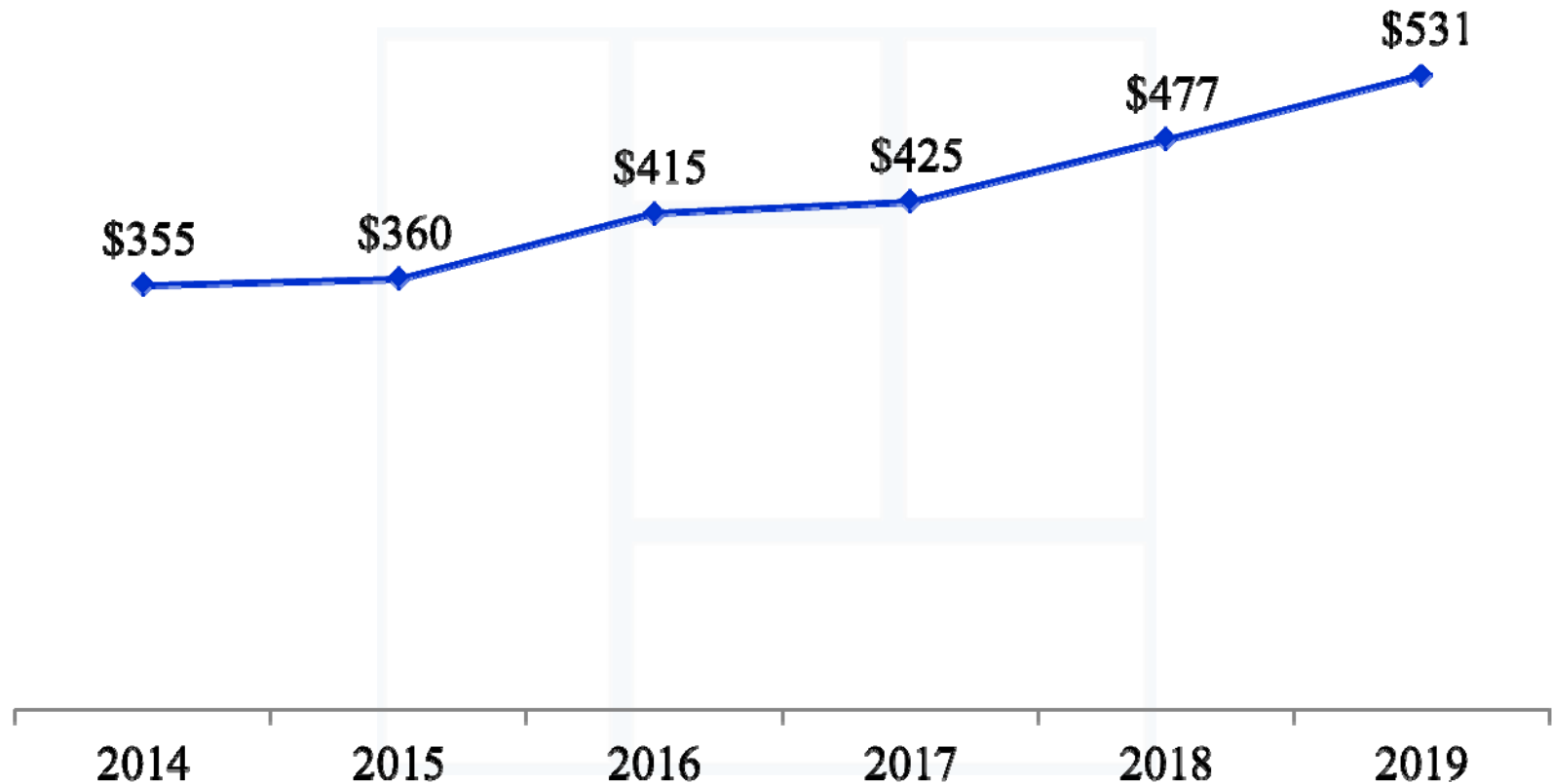
- More enrollment in current HUSKY categories
- Starting in 2017, state must pay some costs for newly eligible Medicaid adults

Net state budget savings, pessimistic scenario: 2014-2019 (millions)



Source: Gruber Microsimulation Model, November 2010.

Net state budget savings, optimistic scenario: 2014-2019 (millions)



Source: Gruber Microsimulation Model, November 2010.

Goal #2: slowing health care cost growth while improving quality

- How SustiNet sparks broad reform of health care delivery
 - Leading by example
 - Leading by competing
 - Business case for savings
 - Cooperating in multi-payer efforts
 - As enrollment rises, more leverage to implement reforms

Estimated SustiNet enrollment, outside state-sponsored groups: 2017

	Small firm enrollment		Large firm enrollment		Individual enrollment	
	Covered lives	Share of small firm coverage	Covered lives	Share of large firm coverage	Covered lives	Share of individual market
Pessimistic scenario	136,000	24%	126,000	8%	32,000	14%
Optimistic scenario	164,000	29%	165,000	10%	33,000	15%

Source: Gruber Microsimulation Model, November 2010.

Other policy elements

- Insurance company discrimination addressed by other features of federal law
- Gradually raise Medicaid/HUSKY payment to Medicare levels
 - Part of more comprehensive Medicaid payment realignment
 - ❖ Some payments will not rise
 - ❖ Some payments may fall
 - ❖ For some populations, Medicare not the right model
 - In 2012, budget-neutral adjustments
 - Legislature and state agencies will work together to find resources that fund further increases
- Public health investments: obesity, tobacco, prevention, workforce

2011

THE PATH GOING FORWARD

Next steps

- By January 7, 2011, the Board will release its final report making recommendations to the Legislature
- The Legislature can then move forward with SustiNet, along with other, complementary efforts to implement health reform in Connecticut

Appendix

HOW SUSTINET COULD IMPROVE HEALTH CARE

How SustiNet could improve health care (1 of 3)

Make sure patients have access to a team of doctors, nurses, community health workers, and others who will help each patient:

- Develop a care plan to manage chronic conditions and maintain health, including smoking cessation and healthy weight (where appropriate)
- Coordinate appointments, tests and prescriptions, so patients get the care they need when they need it
- Prevent illnesses from worsening, avoiding the need for expensive emergency visits and hospitalizations

How SustiNet could improve health care (2 of 3)

Help clinicians access tools that will help them provide better care:

- Electronic health records
- Notifications when patients are due for a visit
- Evidence-based guidelines for best quality care
- Data showing clinicians how they compare to their peers in terms of quality and cost of care
- Support to become a Patient Centered Medical Home
- Workforce training, including cultural competence

How SustiNet could improve health care (3 of 3)

- Pay health care providers more when their patients have better outcomes, not just for providing more services; pay less when patients get an infection in the hospital
- Reduce racial and ethnic disparities in health care
- Make sure that state residents have affordable access to quality health coverage, even if they lose a job or start a business