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TESTIMONY
PUBLIC HEALTH COMMITTEE
Re: HB-7322 and SB-1425
Ellen Andrews, PhD
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Thank you for this opportunity to comment on these important proposals for the health of Connecticut's most fragile residents and accountability in the spending of hundreds of millions in state tax dollars.

The HUSKY program covers one in five Connecticut children and one in four births in our state. Last year, we spent over \$722 million in capitation payments to the four HMOs responsible for providing care for 300,000 HUSKY children and their parents. Unfortunately, we have very little information about how that money is spent and the four HMOs are fighting court orders under Freedom of Information laws that they answer questions about that spending. A recent secret shopper survey by Mercer Consulting on behalf of DSS found that only one in five trained callers was able to schedule an appointment for care. Only 5.7% of licensed physicians in CT accept Medicaid compared to almost 100% in Rhode Island and 80% in Boston.

HUSKY desperately needs another option. Fortunately HB-7322 and SB-1425 propose implementing Primary Care Case Management (PCCM) as an alternative to HMOs for HUSKY, in addition to the current capitated MCO system. Thirty other states use PCCM to run their Medicaid programs covering 6.5 million consumers, often in conjunction with HMOs. These states have enjoyed considerable success with PCCM programs.

PCCM improves patient outcomes; implementation of PCCM in Virginia led to a decrease in ER visits for asthma and immunization rates for Virginia children were higher for children in PCCM than those in HMOs.

PCCM saves states money; North Carolina's PCCM program saved the state over \$50 million in 2003 and over \$118 million in 2004. Iowa saved \$66 million with PCCM from 1989 to 1997; those savings were stronger over time. Virginia estimates that their PCCM asthma management program saves between \$3 and \$4 for every dollar spent.

Providers are more willing to participate in PCCM; providers in PCCM states are far more positive about Medicaid than those in HMOs.

Consumers are more satisfied with PCCM; Massachusetts Medicaid consumers overwhelmingly choose PCCM over HMOs. Vermont's PCCM program scores significantly higher in consumer satisfaction surveys than other national Medicaid or commercial managed care plans.

PCCM allows states better accountability; with direct access to data without filtering through HMOs, PCCM affords states better opportunities for quality improvement, pay for performance and cost control.

PCCM strengthens the link between patient and provider. Under PCCM programs, consumers choose a Primary Care Provider (PCP) as their "medical home". PCPs provide all preventive care for their clients, coordinate services, and in some states act as a gatekeeper to specialty care. PCPs would arrange appointments for HUSKY consumers in need of specialty care rather than the current HMO system where consumers are given a list of participating providers, that may be inaccurate, and are on their own to get an appointment. PCCM provider support systems allow feedback on quality of care. For instance, if a patient visits an ER, their PCP is notified the next day and can contact them for follow up care. PCPs are paid on a fee-for-service basis for the services they provide; in addition, they are paid a small per-member-per-month fee to reimburse for care management services.

As proposed in these bills, an Administrative Services Organization (ASO) would be hired to manage the PCCM system, support providers and consumers, and provide feedback on health care access and outcomes to PCPs, HUSKY consumers and policymakers. Critical to both bills is the prohibition that any company contracting with the state on the PCCM program may not be a contractor in the HMO system. This is critical to maintain the independence of the two systems and to foster a healthy competition to provide the best care to HUSKY families at the best price for taxpayers.

Both HB-7322 and SB-1425 also include important accountability provisions for the current HMO system for HUSKY. The bills strengthen Freedom of Information language concerning HUSKY HMOs, expand reporting requirements to the legislature, improve state surveillance of access to care for HUSKY members, and allow HUSKY members access to the services of the Office of Health Care Advocate, an incredibly valuable service providing other Connecticut residents with critical assistance in accessing health care. The bills also include a strong pay-for-performance incentive system for the HMOs that is long overdue. We should be encouraging excellence in care provision with financial rewards to ensure value for limited state funding.

Again, I want to thank you for this opportunity for input. It is an exciting time to be a health care advocate in Connecticut. I urge you to approve these bills and provide an alternative for struggling HUSKY families.

Primary Care Case Management: A Better Option for Connecticut Medicaid

What is Primary Care Case Management (PCCM)?

PCCM is a way of running Medicaid, like Connecticut's HUSKY program, without HMOs. In PCCM, consumers are linked to a primary care provider, such as a clinic or doctor, who is responsible for managing their care. Providers bill the state directly for the health care services they provide and receive an additional modest fee for care management.

Are any other states using PCCM?

Yes, 30 other states use PCCM. More than one in four Medicaid consumers in other states are enrolled in PCCM programs. Other states have enjoyed great success with their PCCM programs.

- ▶ PCCM improves patient outcomes; immunization rates in Virginia are higher for children in PCCM programs than those in HMOs.
- ▶ Given a choice, consumers overwhelmingly choose PCCM plans over HMOs. Consumers in PCCM programs report greater satisfaction with the program than those in HMOs.
- ▶ Providers are more willing to participate in PCCM-based Medicaid programs than in HMOs.
- ▶ PCCM programs save states as much money as full-risk plans. In Iowa PCCM was associated with substantial savings over an 8 year period; this effect became stronger over time.

Everyone wins.

Connecticut's Medicaid program is in trouble

Consumers struggle every day to get care for illness or injury. More than one in three HUSKY children don't get check ups each year; those rates are worse than our surrounding states. Less than half of HUSKY children get any dental care in a year. Only 5.7% of Connecticut physicians participate in Medicaid; far lower rates than our surrounding states. Despite this, last year the HUSKY HMOs were given twice the rate increase that was authorized by the

legislature. Furthermore, the HMOs refuse to be accountable to taxpayers, fighting Freedom of Information requests to explain how they spent \$722,945,942.95 in tax dollars last year.

Connecticut should consider PCCM because

- ▶ Consumers struggling to access care in the program need another option
- ▶ Without HMO hassles, new providers might be willing to participate in Medicaid under PCCM
- ▶ PCCM allows the state direct access to data on what services consumers are getting and how our money is being spent
- ▶ Loss of even one of the current HMOs would leave the state in an emergency without sufficient capacity to cover the 304,075 current consumers
- ▶ A PCCM option strengthens the state's hand in negotiations with the current Medicaid HMOs, saving state dollars and holding them accountable

Bottom Line:

Connecticut needs another option. Support a Medicaid PCCM pilot program.

Sources: S. Abedin, Primary Care Case Management and Medicaid: 2006 Update, CT Health Policy Project, September 2006, http://www.cthealthpolicy.org/pccm/pccm_medicaid.pdf, CT Medicaid Managed Care Council, DSS, CMS, DPH, CT Voices for Children.