



STATE OF CONNECTICUT
OFFICE OF POLICY AND MANAGEMENT

TESTIMONY PRESENTED TO THE HUMAN SERVICES COMMITTEE
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Testimony on Various Bills, Including SB 1127
AN ACT CONCERNING THE CHARTER OAK HEALTH PLAN AND HEALTH CARE ACCESS

Senator Harris, Representative Villano and distinguished members of the Human Services Committee, thank you for the opportunity to offer testimony on Senate Bill 1127, An Act Concerning The Charter Oak Health Plan And Health Care Access as well as other bills being heard today.

S. B. No. 1127 AN ACT CONCERNING THE CHARTER OAK HEALTH PLAN AND HEALTH CARE ACCESS

I urge you to favorably consider the Governor's health care plan. The Governor's bill builds on the strengths of existing programs and provider networks while offering universal access to coverage for all Connecticut residents. As you know, the Governor has proposed significant expansions of the state's signature HUSKY health care plan. Under the enrollment at birth initiative, all uninsured newborns will be enrolled in HUSKY at birth, and if a family's income is high enough to require a monthly premium for HUSKY coverage, the state will cover the costs of the premium for the first two months. Under the school enrollment proposal, parental notification of insurance coverage will be required at the beginning of every school year, which will increase the number of families being referred to HUSKY for enrollment. Coupled with increased funding for HUSKY outreach, these initiatives will ensure that all children have access to coverage. In addition, in order to provide access to insurance coverage for adults, the Governor has proposed the Charter Oak plan. Charter Oak will provide basic, affordable health insurance for working uninsured adults, from age 19 to 64, of all income levels. This coverage should be available at a cost of about \$250 per month, but for those who would struggle with even that cost, the Governor has proposed a sliding-scale financial assistance program to buy down the premiums to as low as \$75 per month. Taken together, the HUSKY enrollment initiatives and the Charter Oak plan promise to provide universal access to insurance for all, and at a sustainable cost to the state.

The Governor is also taking a strong stand with respect to the need for the HUSKY managed care organizations (MCOs) to abide by the state's Freedom of Information laws. The Governor understands that the MCOs perform vital governmental functions and has included language in this bill to ensure that there is no question that the MCOs must open their records to public scrutiny.

I have attached a more detailed description of each section of the Governor's Bill at the end of my testimony.

With that, I'd like to offer a few comments about the other bills before you today. Senate Bill No. 3, AN ACT CONCERNING INCREASED ACCESS TO HEALTH CARE THROUGH THE HUSKY PROGRAM, House Bill No. 7278, AN ACT CONCERNING IMPROVED ACCESS TO HEALTH INSURANCE, and House Bill No. 7375, AN ACT CONCERNING HEALTH CARE ACCESS AND EXPANSION OF THE HUSKY PROGRAM, all address increased access to health care. While many of the concepts are laudable, the costs of implementing these proposals would run into the hundreds of millions of dollars. It is our belief that the Governor's health care proposals, embodied in Senate Bill 1127, provide universal access to health care and provide it at an affordable level for the state. The other proposals noted above represent extraordinarily expensive solutions that we feel the state cannot afford.

Two bills before you today, Senate Bill No. 1425, AN ACT CONCERNING MANAGED CARE ORGANIZATIONS CONTRACTING WITH THE DEPARTMENT OF SOCIAL SERVICES, and House Bill No. 7322, AN ACT CONCERNING MEDICAID MANAGED CARE REFORM, propose strengthening the Freedom of Information requirements for HUSKY managed care organizations. The Governor has made clear that she expects the MCOs to abide by the state's FOI laws, and Senate Bill 1127 does just that. As Commissioner Starkowski testified to last week, DSS has been directed to make FOI compliance a priority during the upcoming contract negotiations.

Finally, I'd like to offer a comment on primary care case management (PCCM) as an alternative to managed care. PCCM, just like managed care, has met with different experiences in different states. While advocates have noted states that have adopted such a model, they have not presented the other side of the issue. Some states have abandoned PCCM because it didn't deliver the benefits they expected. While we would agree that the managed care system may not be perfect, we should recognize that we have come a long way since the model was introduced in 1995. As Commissioner Starkowski testified in January, considerable improvements have been made in such areas as routine checkups, immunizations, and prenatal services, all while serving over 85,000 more individuals than when the program began twelve years ago. Discarding managed care in favor of a model with mixed success elsewhere could potentially have a negative impact on over 308,000 individuals.

I would like to again thank the committee for the opportunity to present this testimony. I respectfully request the Committee's support of Senate Bill 1127 and I will be happy to answer any questions you may have.

AN ACT CONCERNING THE CHARTER OAK HEALTH PLAN AND HEALTH CARE ACCESS

Section 1. Establish Charter Oak Health Plan. This bill establishes a health insurance program for working uninsured adults, from age 19 to 64, of all income levels through the Charter Oak Health Plan. Basic benefits will include a full prescription package, laboratory services and pre- and post-natal care, with an expected monthly premium of \$250. Under this bill, financial assistance with premium costs will be provided on a sliding scale based on an individual's gross earnings, ranging from \$175 for individuals with income under 150% of the federal poverty level (FPL) to no assistance for clients with income over 300% FPL.

Income Level (FPL)	State Share	Client Share *
< 150%	\$175	\$75
150% - 185%	\$150	\$100
186% - 235%	\$75	\$175
236% - 300%	\$50	\$200

* *Subject to change (amounts shown assume a \$250 monthly premium).*

Based on the Office of Health Care Access's 2006 estimate of 220,000 uninsured residents in Connecticut, and refining that estimate to capture only those who either were not eligible for the HUSKY program or had no children, it is estimated that 130,000 adults could be eligible for coverage through Charter Oak. Of the 130,000, it is anticipated that approximately 85,000 adults have income under 300% FPL and that 40% or 34,000 will enroll, over time, in the Charter Oak Health Plan at an annualized cost of approximately \$41.8 million. Program costs of \$16.7 million in FY 08 and \$33.4 million in FY 09 are anticipated based on a gradual phase-in of eligible participants. Administrative costs are estimated at \$2.1 million in FY 08 and \$2.6 million in FY 09, annualized at \$3.1 million.

Sections 2 thru 4. Clarify Freedom of Information Act Requirements. This bill makes clear the need for the HUSKY managed care organizations (MCOs) to abide by the state's Freedom of Information laws. Recognizing that the MCOs perform vital governmental functions, this bill ensures that there is no question that the MCOs must open their records to public scrutiny. Any new MCO contracts, amendments or extensions of existing MCO contracts will require that the MCOs comply with the state's Freedom of Information laws.

Section 5. Establish a Task Force to Increase Provider Participation in HUSKY. This section establishes a task force to study and make recommendations to increase provider participation in the HUSKY program. The bill requires the task force to report its findings and recommendations no later than January 1, 2008.

Section 6. Increase HUSKY Enrollment in Schools. Parents are currently required to inform schools about their children's health insurance coverage only at the beginning of kindergarten and sixth grade. Under this proposal, such notification will be required at the beginning of every school year, which will increase the number of families being referred to HUSKY for enrollment. Costs of \$4.9 million in FY 08 and \$8.2 million in FY 09 are

anticipated as a result of the increased enrollment as well as additional administrative costs of \$500,000 in FY 08 and \$250,000 in FY 09.

Section 7. Establish a Task Force on Electronic Health Information. This section charges OHCA with the role of leading a task force to study the impact of electronic health information exchange to improve the quality and efficiency of health care. The task force will inventory initiatives currently underway in CT, identify the appropriate role of state government as payor, provider, purchaser, regulator and employer and develop an overall state health information technology policy, including projected costs and sources of funding. The Commissioner of Health Care Access will serve as the chairperson of the task force. Membership will include representatives from the public and private sectors, such as consumers, providers, public health entities, academia, employers, health information exchange organizations, state agencies and municipalities. The bill requires the Commissioner of Health Care Access to report its findings and recommendations to the Governor no later than September 1, 2008. Costs of \$500,000 in FY 08 are anticipated to complete the eHealth task force study.

Sections 8 and 9. Increase HUSKY Enrollment at Birth. Under this initiative, all uninsured newborns will be enrolled in HUSKY at birth. In addition, if a family's income is high enough to require a monthly premium for HUSKY coverage, the state will cover the costs of the premium for the first two months. Costs of \$1.9 million in FY 08 and \$4.1 million in FY 09 are anticipated as a result of the increased enrollment and the additional premium payments as well as additional administrative costs of \$750,000 in FY 08 and \$500,000 in FY 09.