



Quality is Our Bottom Line

**Human Services Committee
Public Hearing**

March 15, 2007

**Connecticut Association of Health Plans
Testimony regarding:**

SB 1425 AAC Managed Care Organizations Contracting with the Department of Social Services, and

HB 7322 AAC Medicaid Managed Care Reform.

Good afternoon, Senator Harris, Representative Villano and members of the Committee. My name is Susan Halpin and I'm here before you today on behalf of the Connecticut Association of Health Plans to testify with respect to the Freedom of Information (FOIA) provisions contained in HB 1425 and HB 7322.

First, let me state that we believe in transparency, we believe in oversight and we strongly believe in HUSKY as a delivery system to serve the Medicaid population.

For over 10 years, all of the HUSKY Managed Care Organizations (MCOs) have participated in monthly Managed Care Council meetings chaired by Sen. Harp and Rep. Nardello and attended by numerous legislators, advocates, staff and providers as well as DSS, DCF and DPH. In addition MCO representatives have participated in various subcommittees of the Council including those related to quality, access, coordination of care, and pharmacy. When the state made the policy decision to carve out behavioral health services, the MCOs agreed to participate on several ongoing committees of a similar nature relative to that program. I think you'd be hard pressed to find another state with such a high level of oversight.

Throughout the years, the health plans have been called upon to produce significant data sets that have established benchmarks for the first time in the history of the Medicaid program. As you can see from the attached, the health plans provide over 100 reports a year to DSS. These include information regarding billing and enrollment, care management, utilization, network management and pharmacy as well as quarterly financial statements and audited financials. In addition, all of the MCOs undergo periodic quality audits by independent third parties, such as Mercer or Qualidigm.

Over the last couple of years, the health plans have provided DSS with encounter data which

includes, among other things, the amount paid to each provider by CPT code. A copy of the elements included in each encounter file is attached to Ms. Perkins testimony for your review. To be honest, we believe the state has the data it needs to report on the primary issues that have been raised around rates paid to providers. DSS has in its possession, how much Dr. X got paid for procedure Y on March 3rd, 2007. Six or eight months ago, that data might have been difficult for the Department to access, but now that the data warehouse is up and running, it should be fairly readily available.

So you might ask what's the issue and why have the MCOs gone to court over FOIA? The answer is really 3-fold:

- First, many of the health plans have agreements with service providers and other vendors that *require* the health plan to protect the confidentiality of the respective information. FOIA requests have been made that would require the MCOs to disclose information designated as "proprietary" by their subcontractors. Such action would not only expose HUSKY plans to significant liability, but compromises their ability to contract with well-known quality vendors.
- Second, at least two of the health plans are large insurers in the commercial market. Information between commercial and Medicaid is not always segregated. Many of the FOIA requests received contain language calling for "any and all information related to...." If the MCOs are required to disclose information relative to their commercial business, they would be put at an immediate competitive disadvantage in the marketplace just by virtue of their participation in HUSKY. That's a risk commercial plans simply can't take. I think that most policy makers understood that when the state made the decision to enter into contracts with private entities, that not all of the information related to the business practices of those entities would be subject to FOIA, but that needs to be clarified, and
- Third, there is a significant cost to complying with FOIA requests that is not anticipated in the contracts between DSS and the HUSKY plans. First, we believe that once rates are made public, there will be a "race to the top" as providers seek to secure the highest rate of reimbursement available in the market. Second, the administrative burden of compiling the data requested is enormously expensive. It takes staff several days to identify and compile responsive documents. Legal costs are incurred to make sure that documents can be disclosed without violating federal privacy laws or other contracted arrangements. Special computer programming is required to extract data from the appropriate databanks. We believe, as do many of you that to the greatest extent possible, dollars under Medicaid should go to the delivery of medical services and not

toward administrative expenses which we believe will be the result of a requirement to respond to broad natured FOIA requests.

Having said all of this, no one would like a solution to this issue more than the HUSKY plans and we welcome the dialogue that the various FOIA proposals have initiated. As I said earlier, we believe in transparency and we believe in HUSKY, but the issue is complex and not easily litigated or legislated. We respectfully request that if the Committee decides to move forward with initiatives such as these that expand the applicability of FOIA, that the concerns raised above be taken into account so that the HUSKY program is enhanced rather than compromised. This is especially important given current initiatives that are proposing to further expand the program.

Thank you for your consideration.