



House of Representatives

General Assembly

File No. 338

February Session, 2008

Substitute House Bill No. 5618

House of Representatives, April 1, 2008

The Committee on Human Services reported through REP. VILLANO of the 91st Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT CONCERNING REVISIONS TO THE HUSKY PLAN.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 17b-266 of the general statutes is amended by
2 adding subsection (f) as follows (*Effective from passage*):

3 (NEW) (f) A contract entered into pursuant to this section for the
4 provision of health care services under the HUSKY Plan, Part A or Part
5 B, shall be separate and independent from any contract for the
6 provision of health care services under the Charter Oak Health Plan,
7 established pursuant to section 17b-311 of the 2008 supplement to the
8 general statutes, and shall not contain any provision that requires a
9 provider, as a condition of participating in the HUSKY Plan, Part A or
10 Part B, to contract for the provision of health care services under the
11 Charter Oak Health Plan.

12 Sec. 2. (*Effective from passage*) The Department of Social Services shall
13 not contract with any managed care organization for the delivery of
14 health care services under the HUSKY Plan, Part A and Part B prior to
15 July 1, 2009. The department shall conduct a study to determine the

16 feasibility and costs of utilizing Medicaid fee-for-service, a nonrisk
 17 based contractor or a primary care case management system to deliver
 18 health care services under the HUSKY Plan, Part A and Part B. The
 19 department shall monitor the implementation of the primary care case
 20 management pilot program established pursuant to section 17b-307 of
 21 the 2008 supplement to the general statutes to determine whether such
 22 system provides a more cost-effective system of delivering such health
 23 care services. Not later than January 1, 2009, the Commissioner of
 24 Social Services shall report to the joint standing committees of the
 25 General Assembly having cognizance of matters relating to human
 26 services and appropriations, and to the advisory council on Medicaid
 27 managed care, established pursuant to section 17b-28 of the 2008
 28 supplement to the general statutes, on the findings of such study.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	17b-266
Sec. 2	<i>from passage</i>	New section

Statement of Legislative Commissioners:

In the first sentence of section 2 "plan provider" was changed to "organization" for accuracy, clarity and to effectuate the intent of the committee.

HS *Joint Favorable Subst.*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either chamber thereof for any purpose:

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect
Department of Social Services	GF - See Below

Municipal Impact: None

Explanation

This bill specifies that any contract for HUSKY A and B health services must be separate from any contract for the Charter Oak Plan. This provision may increase the state cost for these programs if insurers would have otherwise been able to submit lower bids based on economies of scale through a joint administration of these programs. It is also unclear whether insurers would have been able to combine the risk pools in order to allow for cross-subsidization, thereby lowering overall costs for the programs.

This bill also delays recontracting for the HUSKY managed care program until July 1, 2009. Although specific data on HUSKY costs since the dissolution of the managed care contracts is not available, anecdotal evidence indicates that program costs under the current fee-for-service/Pre-paid Inpatient Health plan structure have been higher than the previous managed care structure. Therefore, this delay would be expected to increase program costs for FY09. It also should be noted that the disruption of the HUSKY system may result in less consumer access to providers, thereby reducing utilization and creating an offsetting savings.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

OLR Bill Analysis**sHB 5618*****AN ACT CONCERNING REVISIONS TO THE HUSKY PLAN*****SUMMARY:**

By law, the Department of Social Services (DSS) is authorized to purchase insurance for Medicaid and HUSKY (which includes Medicaid for children) recipients from any organization authorized to do business in the state, including managed care organizations (MCOs) and consortia of federally qualified community health centers. It may do so through contractual arrangements with these organizations. The bill mandates that any contract DSS enters into for HUSKY services must be separate and independent from any contract for providing health care services under the Charter Oak Health Plan. It also prohibits the HUSKY contracts from containing provisions that require a provider, as a condition of participating in HUSKY, to also participate in Charter Oak.

The bill prohibits DSS from contracting with any managed care organization to deliver services to HUSKY recipients before July 1, 2009. Currently, DSS is contracting with two Prepaid Inpatient Health Plans to perform administrative functions in the HUSKY program on a non-risk basis, including member enrollment and provider services. But some HUSKY recipients are being served directly by DSS under the older, fee-for-service system.

The bill requires DSS to conduct a study to determine the feasibility and costs of using Medicaid fee-for-service, a non-risk-based contractor, or primary care case management to deliver HUSKY health care services. It must report on the study to the Appropriations and Human Services committees and the Medicaid Managed Care Council by January 1, 2009.

Finally, the bill requires DSS to monitor the implementation of the primary care case management pilot program established in 2007 to determine whether this is a more cost-effective model for delivering health care.

EFFECTIVE DATE: Upon passage

BACKGROUND

Charter Oak Plan

PA 07-2, June Special Session, established a Charter Oak Plan for state residents who have been uninsured for at least six months and are ineligible for publicly funded health care. It authorized DSS to enter into contracts with certain health care organizations (e.g., MCOs) to provide comprehensive health care, and directed it to determine minimum requirements for the plan's amount, duration, and scope of benefits. The effective date for the plan is July 1, 2008.

DSS issued a request for proposals earlier this year.

HUSKY Transition

In November 2007, Governor Rell directed DSS to terminate the contracts it maintained with four full-risk, HUSKY MCOs, specifically relieving them of any health care decision-making responsibilities for HUSKY recipients. This was done because the MCOs were unwilling to comply with the state's Freedom of Information Act, which the Superior Court had earlier directed them to do.

Since then, DSS has entered into non-risk-based contracts with two of the four health plans to perform administrative functions for HUSKY recipients. These plans must provide member services, case management, and outreach and education, and they establish provider networks, with DSS paying them a per-member, per-month fee. Families have the option of receiving services through the old fee-for-service system.

Primary Care Case Management (PCCM)

PA 07-2, June Special Session, required DSS to develop a plan to

implement a pilot PCCM program for at least 1,000 HUSKY recipients. Under the pilot, a primary care provider must provide primary medical services to enrollees and arrange for specialty care as needed. Although the law calls for enrollment to begin April 1, 2008, DSS expects it to start on October 1, 2008.

COMMITTEE ACTION

Human Services Committee

Joint Favorable Substitute

Yea 12 Nay 7 (03/13/2008)