



703 Whitney Avenue . New Haven, CT 06511
Phone (203) 562-1636 . Fax (203) 562-1637 . www.cthealthpolicy.org

February 26, 2008
TESTIMONY
HUMAN SERVICES COMMITTEE
Re: HB-5617, HB-5618 and SB-34
Ellen Andrews, Executive Director, CT Health Policy Project

Thank you for this opportunity for input on these important pieces of legislation.

We are very optimistic about the Charter Oak Plan and the potential to provide coverage to thousands of Connecticut residents who struggle every day to access health care. HB-5617, AA Delaying Implementation of and Making Revisions to the Charter Oak Plan, contains important consumer protections and gives state policymakers more time to ensure development of a sustainable program that will effectively cover the people who need it. Among other protections, the bill remedies an important injustice in the current Charter Oak Plan – that people must be uninsured for six months before becoming eligible. This leaves out those who have purchased individual coverage, either for need or because they do not want to place themselves and their families in the financial jeopardy that accompanies uninsurance. It is unfair and counterproductive to exclude these Connecticut residents, who have been making significant sacrifices to pay for expensive individual coverage. The bill also reduces consumer cost sharing, adds back critical services such as dental, vision and comprehensive mental health benefits, removes unrealistic caps on benefits, provides consumers access to outside utilization review, and includes the very reasonable standard that Charter Oak managed care companies must spend at least 85 percent of revenues on medical services.

The bill also separates the Charter Oak Plan procurement from HUSKY. This is critical for several reasons. As you are aware, the HUSKY program has had a troubled past. While we are confident that recent changes will improve the program immeasurably, linking two essentially new programs serving different populations with different needs and different rights under law just adds to complexity and reduces flexibility in both. It is also likely that more managed care organizations would be interested in participating in either program alone. In fact, ConnectiCare indicated to DSS an interest in bidding only on the Charter Oak Plan which is currently precluded, denying consumers and the state another option to cover Connecticut's uninsured. We urge passage of HB-5617.

I also urge you to pass HB-5618, AAC Revisions to the HUSKY Plan. In the last four months, the HUSKY program has been through a series of changes, most importantly new public accountability protections and a release from capitation. While we are confident that eventually these changes will help repair the program and improve access to care, change is always hard. The bill gives HUSKY families and the state time to evaluate the changes and make thoughtful, considered plans for the future of the program.

The bill reverses a last-minute, unintended addition to last year's budget directing DSS to implement premium assistance in HUSKY. Premium assistance requires HUSKY families with access to employer-sponsored insurance to enroll in that plan and disenroll from HUSKY, if the plan is less expensive than HUSKY. DSS would somehow reimburse families for co-pays, premiums, co-insurance and services that are often not covered in policies available to low-wage workers such as vision, dental and prescriptions. It is unlikely that working families on HUSKY would have the liquid cash to pay up-front for those services and await repayment by DSS, so more than likely, children and families would simply not get care. Many other states, with mature Medicaid managed care programs that are not undergoing the kind of transition HUSKY is currently experiencing, have tried to make premium assistance work and failed. DSS has not yet implemented premium assistance. It is unwise and never should have been added to the budget; passage of HB-5618 would repair that mistake.

However, passage of SB-34, AA Implementing the Governor's Budget Recommendations with Respect to Social Services Programs, would reverse hard-won recent progress in HUSKY. The bill would eliminate important funding for medical interpreter services. At this month's Medicaid Managed Care Council, CT Voices for Children presented on the very high and growing rate of costly emergency room visits by HUSKY patients. 38% of HUSKY children under age 21 visited an ER at least once in 2006. Spanish-speaking children were at special risk of needing to access care at an ER. Many doctor's offices cannot afford medical interpretation resources and patients who do not speak English may be forced to get care at the ER, costing taxpayers far more than an office visit.

The bill also weakens the current definition of medical necessity for Medicaid and HUSKY. This definition has been working well for decades, ensuring that consumers receive the services that the state is paying for. The proposal is accompanied by an estimated savings of \$4.5 million in the Governor's budget proposal, presumably from reduced services to patients. Again, this is ill-timed and ill-considered and we urge you not to pass SB-34.

Thank you for the opportunity to comment on this important legislation and for your commitment to the health of all Connecticut residents.

Husky Alternative No Bargain

In last-minute, behind-closed-doors state budget negotiations this year, a little-noticed provision was added that is supposed to promote employer insurance coverage, if available. A closer look, however, shows that the provision will force families off Husky, the state's sub-

ELLEN ANDREWS

sidized health insurance program serving hundreds of thousands of poor children, and onto an insurance package with fewer benefits.

A giant legislative mistake that needs to be fixed? Absolutely, and for many reasons.

Called "premium assistance," this program has been tried in more than a dozen states and hasn't worked. Husky is a great bargain for the state — we paid only \$2,328 per person last year — compared with private insurance in Connecticut, which averaged \$4,848 for single coverage in small groups.

Premium assistance may benefit consultants more than children. It requires a detailed analysis, by expensive consultants, to determine the cost-effectiveness for each employee's benefit package. The cost of that analysis is usually far more than any savings from the program.

But beyond the waste of tax dollars on consultants and analysis, the state would be paying more for less coverage.

Consider two families of three, the Joneses and the Smiths, both making \$20,000 a year, above minimum wage for a full-time job. A parent in the Jones family works at Mega-Mart (a large employer of Husky families); the parent in the Smith family works at a small mom-and-pop grocery store that doesn't offer health benefits.

Under premium assistance, the Joneses will have to pay at least \$1,050 of health care costs out of their own pockets before their insurance kicks in, and the state promises to somehow reimburse them for those costs. After insurance kicks in, they will have to pay \$20 for each doctor visit and up to \$50 for each prescription; the state promises to somehow reimburse them for those costs. The Joneses will have \$228 a month toward insurance taken out of their paycheck, and the state promises to somehow reimburse them for those costs.

Under Husky, the Smiths will get health care as they need it, without paying thousands of dollars out of pocket; no need to wait for the state to somehow reimburse them. In all likelihood, the Smith children will receive regular and preventive health care, while the Jones family will opt to forgo appointments because they cannot afford the up-front costs.

Employer health insurance, particularly for low-wage employees, usually isn't comprehensive. Many employer packages don't include prescriptions, dental or vision care. So the Jones children might not be able to get antibiotics for an infection, dental cleanings or eyeglasses. They would have to rely on the state to provide those services in another way. The Smith children, on the other hand, will continue to receive all of those services.

There is more. Despite spending millions of dollars in premium assistance, the state will have no way of knowing if the Jones children are getting any health care at all. Under Husky, the state receives reports about health care usage, such as how many children get checkups and dental visits, how many pregnant women get prenatal care and how many prescriptions are filled. But families in a premium assistance program would be outside of that system, outside any accountability.

This ill-considered initiative is exactly why public policy should not be made late at night, behind closed doors. Premium assistance is a waste of taxpayer dollars that will have little to no benefit for families in need of health insurance. Let's spend our valuable tax dollars and our efforts pursuing options that make sense and have proved successful here and in other states.

Ellen Andrews is executive director of Connecticut Health Policy Project, a nonprofit research and advocacy organization.

