



## AARP Testimony

### HB 5172 An Act Establishing the CT Healthy Steps Program

March 1, 2009

AARP is a nonprofit, non-partisan membership organization for people age 50 and over. With over 40 million members nationwide and over 629,000 in Connecticut we are pleased to testify on HB 5172 and other health reform legislation being heard today. We congratulate you for considering proposals to increase access to affordable, quality health care in Connecticut.

AARP believes that all individuals have a right to health care services when they need them; coverage that provides adequate financial protection against health care costs; high quality health care; a reasonable choice of health care providers; and the financing of the system should be equitable, broadly based and affordable to all. We further believe that methods of provider reimbursement should promote high-quality medical care, efficient service delivery, cost effectiveness, and compensate providers fairly. Efforts to promote health and prevent disease should be strengthened, incentives to promote healthy behavior should be encouraged as long as they do not deny access to health care, and care should be coordinated and integrated in order to effectively address an individual's multiple and/or changing health care needs.

H.B. 5172 creates a permanent Health Insurance Commission (a type of Health Insurance Connector/Exchange) where health care policies meeting set standards would be offered to individuals and small business at negotiated rates. Such a health insurance conductor/exchange may be one way to help small employers and individuals purchase quality, affordable health insurance. This proposed legislation would provide a tax credit as an incentive for employers to assist them in providing health insurance to their employees. It also would provide subsidies based upon income to help individuals with lower incomes pay for their health insurance which is positive. The Healthy Steps legislation also includes funding to expand the CT Tobacco Use Prevention and Control Plan to cover smoking cessation medication and supplies and the provision of grants to train employers to effectively educate employees about healthy lifestyle choices. And in Sections 20 and 21 there are provisions affecting the delivery of health care services to all or a substantial subset of the aged, blind and disabled Medicaid beneficiaries in Connecticut, a group of particular concern to AARP.

While some good ideas are represented in this proposed legislation, we have questions and, in some cases, serious concerns about other provisions. HB 5172 also is very complex and we have not had the time to review in detail many of the provisions. Below we have identified some of our major questions and concerns based upon our initial review.

individuals. For example, a family of 2 under 200% of the Federal Poverty Limit that contributes \$3,750 to their Health Savings Account would receive \$1,000 for their HSA from the Health Reinsurance Association. But this means that this couple with, at best, \$29,000 in income, would have to put 13% of income into an HSA to receive the matching contribution. And requiring them to "front the money" ignores the harsh realities of budgeting for a low-income family. And this would be on top of the premiums for the companion High Deductible Health Insurance plan that they would need to have. And, of course, if they require health care they would need to pay a higher deductible before receiving any insurance coverage. We do not believe that this is affordable or even a good option for low income individuals.

We also have questions about the provisions in Section 18 & 19 that would enable the Commissioner of Social Services to establish an excess cost reinsurance program for enrollees in the CT Connector's affordable health care plan to allow such enrollees to obtain coverage through the Medicaid program once their insurance benefits are exhausted without having to spend down their assets. While has the appearance of being a consumer friendly incentive, it also raises serious concerns about the adequacy and affordability of coverage if access to Medicaid would be needed because insurance benefits might be exhausted. AARP has many questions and concerns about this provision.

Finally, AARP has many questions and concerns about Sections 20 & 21 that do not appear to be part of the health connector provisions of this proposed legislation at all.

Section 20 indicates that the Commissioner of Social Services shall develop a plan to improve the coordination of the delivery of health care services to all or a substantial subset of the aged, blind, and disabled Medicaid beneficiaries... While AARP does not generally object to health planning per se, Section 20 also indicates that the Commissioner may contract with an administrative services organization to effectuate the implementation of such plan. It does not appear that the legislature would have any more than a review role with regard to this plan. AARP believes that much more review, approval and oversight should be required when changes to health care systems for CT's most vulnerable citizens are being contemplated.

AARP also believes that Section 21 which shall allow aged, blind, or disabled Medicaid beneficiaries to voluntarily enroll in the managed care plans available to HUSKY plan A and B beneficiaries is very premature. Again, the aged, blind or disabled Medicaid beneficiaries are among the most vulnerable people in CT. It is not clear that the current managed care plans in their present form would be able to meet the needs of this population. Connecticut must take strong steps to ensure that these plans meet a comprehensive set of standards for this population before initiating even voluntary enrollment. And should voluntary enrollment eventually be appropriate, AARP believes that states should either conduct enrollment directly or contract with third-party independent enrollment brokers to ensure that Medicaid beneficiaries make informed choices about health coverage in a stress and pressure free environment.

Overall, AARP believes that a health insurance conductor/exchange may be one way to help small employers and individuals purchase quality, affordable health insurance. There are some noteworthy provisions in H.B. 5172, as there are in other bills before you today. We also have many questions and serious concerns about other provisions of HB