

# Connecticut Health Reform in the Wake of Federal Action: **Federal Reforms & SustiNet**

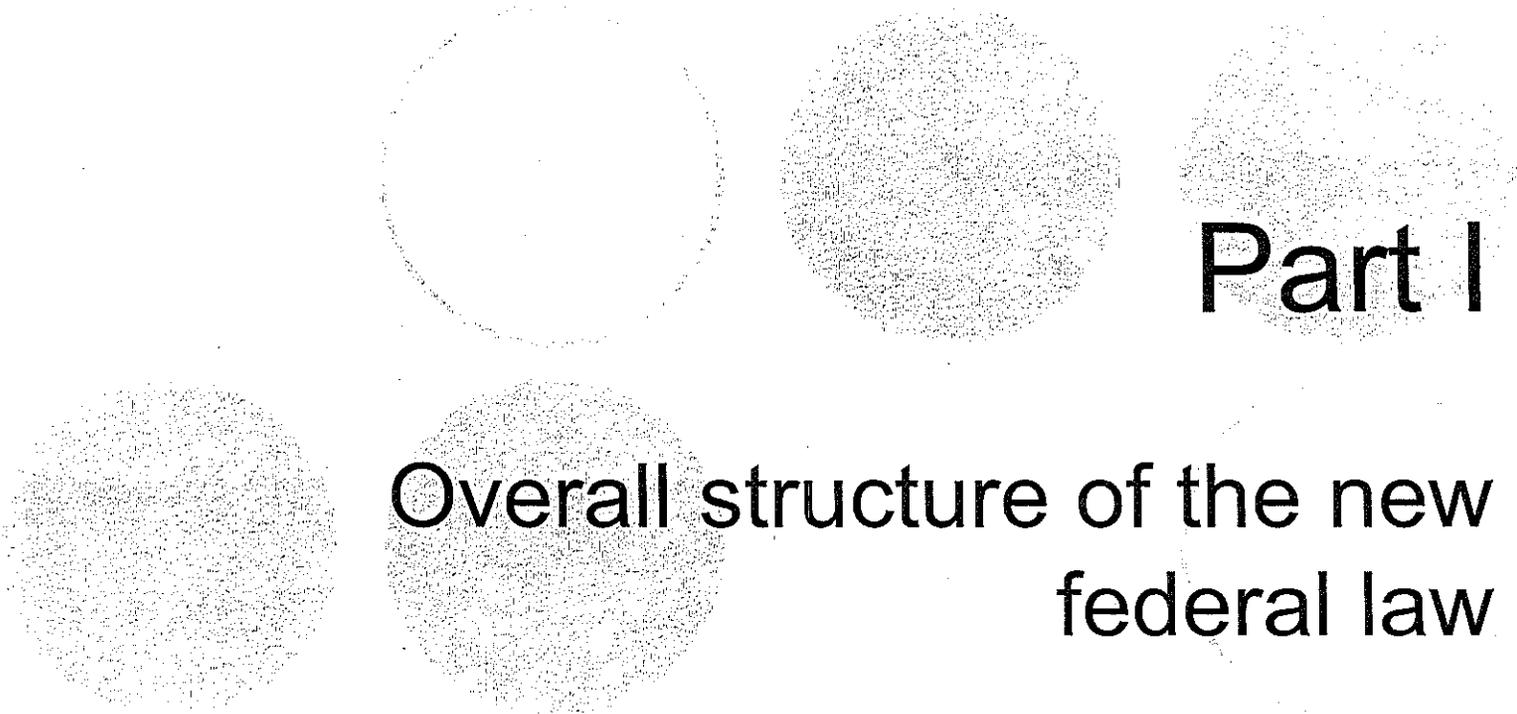
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# Overview of the Patient Protection and Affordable Care Act (PPACA), as amended

- Overall architecture of the new federal law
- Suggested changes to state law because of reform
- A basic approach for adjusting Sustinet to the new federal law
- Policy design issues under this basic approach



# Part I

Overall structure of the new  
federal law

# Basic architecture: 2014

- \* Health insurance exchanges
  - Run by state agency, nonprofit, or federal government
  - Consumers can choose among multiple health plans
  - Access by
    - Consumers not offered employer-sponsored insurance (ESI),
    - Small firms (and at state option, large firms)
- \* Subsidies
  - Medicaid up to 133% of federal poverty level (FPL)
  - Tax credits, other subsidies up to 400% FPL
- \* Shared responsibility
  - Individuals must buy coverage (with exceptions)
  - Employers with >50 FTE workers pay a penalty if ESI not offered
- \* Insurance reforms
- \* Delivery system reform encouraged in many ways

# Other policy features

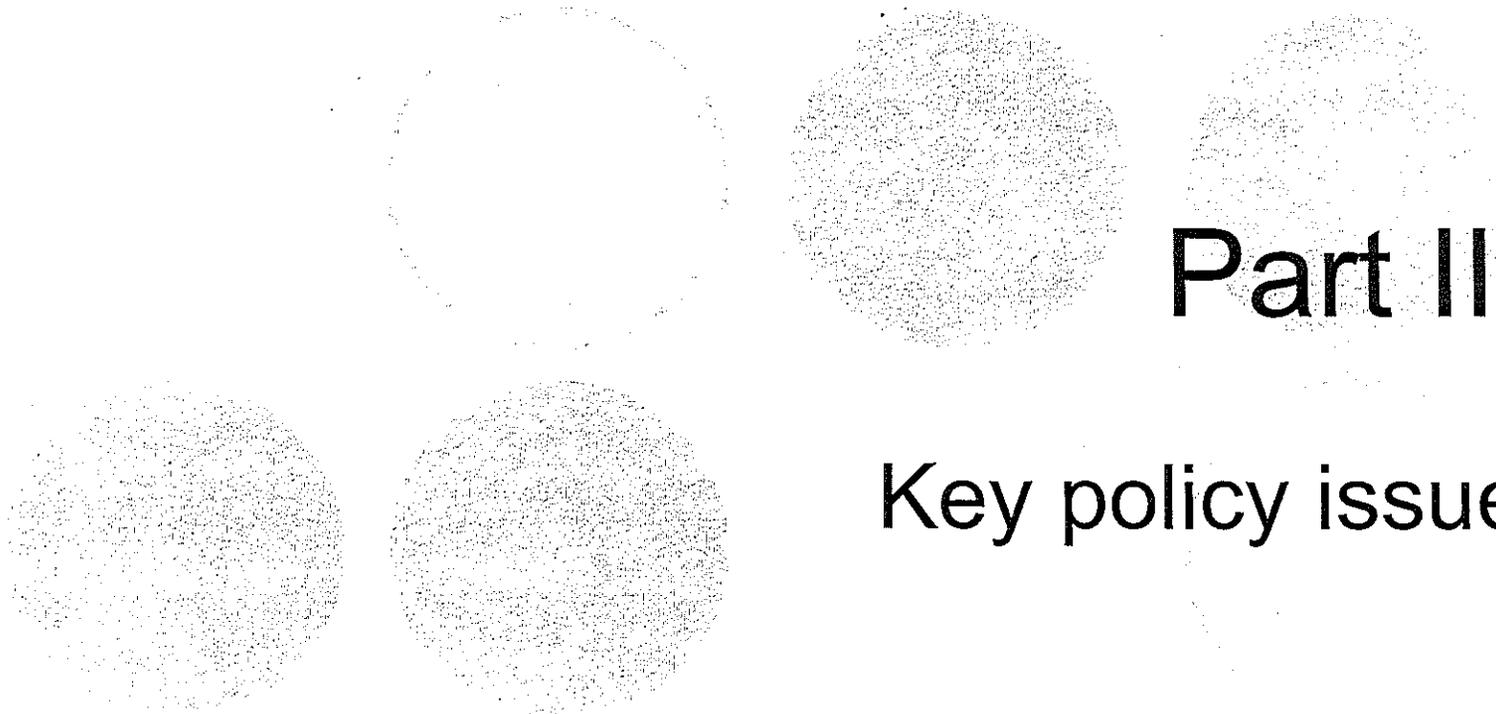
- “Early deliverables” effective in 2010:
  - Immediate for and important to Connecticut:
    - High-risk pool dollars
    - Grants for independent state offices of health insurance consumer assistance
    - Reinsurance for early retirees
    - “Backstop” rate review provisions
    - Medical loss ratio reporting
    - Small business tax credits
    - Early adopter Medicaid expansion for SAGA – medical loss ratio
    - Required coverage for tobacco cessation for pregnant women
    - Planning grants for Medicaid coverage of patient centered home services for chronically ill
    - **Grants** for work force programs including focus on primary care and the underserved
    - Dependents on parental policies
    - No preexisting condition exclusions for children
    - Rescissions limited to fraud and intentional misrepresentation
    - Bar on lifetime limits & annual limits limited to reasonable limits
    - First dollar coverage for preventive services.

# Major caveats

- The law is huge and complex
- We're waiting for guidance on some provisions
- Many provisions are already binding on the state
- Many grants are authorized but not yet appropriated – chances to bring in federal \$

# Elements of Sustinet & Federal Reform

- Newly available federal resources to implement delivery system reforms, starting NOW. E.g.:
  - \$5 billion in reinsurance for early retiree coverage, premised on slowing cost growth for the chronically ill
  - \$10 billion for care innovation demonstrations
  - 90 percent Medicaid match for medical home demonstrations
  - Sustinet as state/regional hub for primary care, med. home
- Sustinet embodies an integrated strategy for implementing delivery system reforms favored by federal law to “bend the cost curve”



# Part II

Key policy issues

# Implementation before 2014

- Not in question: applying delivery system reforms to existing SustiNet populations before 2014 (SustiNet plan begins in 2012)
- Issues before 2014
  - Expanding HUSKY to currently ineligible consumers
  - Offering SustiNet to employer groups (small firms, non-profits, municipalities)
  - Offering SustiNet to individuals

# The relationship between SustiNet and the exchange

- Modifying CT licensure rules so SustiNet can be offered in the exchange
- Independence of SustiNet and the Exchange
  - Should a non-profit or the federal government run the exchange, instead of a state agency?
  - Should something other than a state agency run SustiNet?
- Supplementing federal subsidies for SustiNet and exchange plans that reform health care delivery

# Conclusion

- Sustinet fits comfortably within the federal reform framework
- Sustinet positions CT to access newly available federal resources
- Careful thought will be needed to flesh out answers to key questions as part of the 60-day report