Quality is Our Bottom Line

Appropriations Committee Public Hearing

Wednesday, February 19, 2014

Connecticut Association of Health Plans

Testimony in Opposition to

State Innovation Model Improvement Assessment

Office of Health Care Advocate Budget Proposal

The Connecticut Association of Health Plans respectfully urges opposition to the provision in the Governor's budget, and the accompanying sections 24-26 of SB 21, which implement a new $3.2 million assessment on private health insurers in order to fund ***9 permanent full-time and 1.5 durational positions*** under the Office of the Health Care Advocate as well as other expenses associated with the development and implementation of the state's federal application for a State Innovation Model (SIM) Grant.

The SIM initiative is a laudable proposal which seeks to align all payers (Medicaid, the state employee plan, commercial plans, self-funded plans and Medicare) around a common approach to value-based payment. "Rather than simply paying for the volume of services provided, the proposed value-based approach will reward providers who offer higher quality care, while lowering the total cost of care," as articulated in the Governor's budget.

Connecticut's commercial carriers have been generally supportive of the SIM initiative to date and welcome a continued dialogue with the state and its specified agencies, but the industry respectfully suggests that the costs associated with SIM whose benefits inure to the greater good, should be borne by the greater population via a General Fund appropriation as opposed to being levied on one particular segment of the health care delivery system. Please also keep in mind that Connecticut's carriers have been leading the way in practice transformation through partnerships with Accountable Care Organizations and other provider based ventures which aim to pay for quality over quantity in health care.

The $3.2 million assessment appears to be predicated upon the formula used to assess private carriers and third party administrators for the state's vaccine fund which was just increased from $18.4 million in 2013 to $29.9 million in 2014 and again to $32.2 million in 2015 representing a $13.8 million increase in just two years. With the addition of the SIM assessment, that line item now totals $35.4 million in assessments.

280 Trumbull Street | 27th Floor | Hartford, CT 06103-3597 | 860.275.8372 | Fax 860.541.4923 | www.ctahp.com

To provide some perspective, the insurance industry at-large funds all the activities under the Department of Insurance via a current assessment of $27.9 million which is projected to be at $28.5 million in 2015. In addition, health insurance carriers are being asked to fund $26 million of the operations underway by the Health Insurance Exchange and carriers are also being looked at to fund the activities of an All Payer Claims Database (APCD) in the future whose budget is estimated to run between $5 and $10 million.

All told, the sheer amount of assessment levied on the health insurance industry is cause for serious concern. There is only such much that the market can bear. Connecticut already has among the highest health care costs in the nation and with the changing landscape of health care reform, we would respectfully suggest the state not add to that burden at this point in time.

Thank you for your consideration.