

TESTIMONY to the Committee on Public Health

February 27, 2015

**Re: HB-6824, An Act Concerning the State Budget for the Biennium Ending June Thirtieth 2017**

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Executive Director

Thank you for the opportunity to share our concerns with the Governor's proposed budgets, particularly regarding the Department of Social Services and the Medicaid program.

We at the CT Health Policy Project have worked for fifteen years to expand access to quality, affordable health care for every state resident. As Connecticut's largest coverage group with 723,769 members, Medicaid is the foundation of health care coverage for the underserved and working families in our state. As intended, the program has grown considerably under the Affordable Care Act, but we are proud that through collaborative efforts to promote value, per person costs in the program have not grown in the last two years. This remarkable achievement has saved the state approximately \$420 million in the last two years. Also over that time, since the state moved from capitated, insurer focused system to a self-funded, care coordination-focused model, 32% more providers participate, improving access to care, and quality measures now rival private insurance.

The Governor's proposed cuts could unravel all that progress, and in addition jeopardize extensive planning to build on that progress to benefit more Medicaid members and provide more relief to the state budget.

We are deeply concerned at the proposal to cut 34,000 working HUSKY parents from coverage. While they could apply for subsidies on the insurance exchange, it would be far more costly requiring sacrifices that will affect the entire family. Given the bad options, it is likely that many parents will not be able to purchase coverage, even with subsidies, and will enter the ranks of Connecticut's uninsured, risking their health and their families' finances. In addition, proposed cuts to Medicaid provider payments would jeopardize the increase in providers participating in the program. If access to care declines, we can expect a reversal in the trend of reduced emergency room visits, raising costs for the state.

But perhaps the most puzzling proposal is the elimination of funding for the pilot project to integrate care for people dually eligible for both Medicaid and Medicare. These are the most costly and fragile Medicaid members, who have not yet benefitted from the care coordination efforts in HUSKY. After three years of hard work and collaboration by a diverse set of stakeholders, the state is ready to implement a pilot that has significant potential to improve the quality of care, keep people out of intensive care settings, and save money for the state. The Governor's budget acknowledges that this pilot is likely to save significant sums and is the direction the state needs to pursue to build a sustainable future.

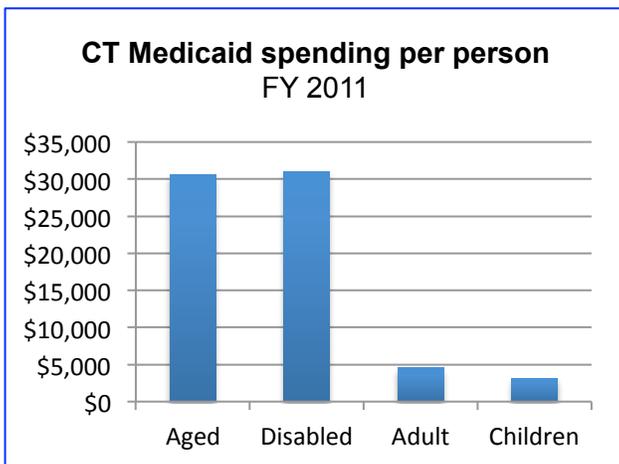
I urge you to support the good work that is happening in Connecticut's Medicaid program, and reject the Governor's proposed cuts. Thank you for your time and your commitment to improve the health of every Connecticut resident.

## Governor proposes deep cuts to Medicaid, jeopardizing progress on quality, cost control

Despite strong success over the last two years controlling costs and improving quality<sup>i</sup> in Connecticut's Medicaid program, the Governor has proposed significant cuts<sup>ii</sup> in the next state budget to both eligibility and provider payment rates in the program. The Governor's budget proposal is particularly disappointing because it would place at risk the significant progress in Medicaid improving quality and controlling costs in the last two years.

**The Governor's budget proposal would cut 34,000 low-income parents off the HUSKY program.** For example, under the Governor's proposal, parents in families of three with annual incomes over \$27,724 would have to buy insurance on the state's exchange. For comparison, a 28 year old Hartford parent of two children with an income of \$32,000 choosing an exchange silver plan (the most common option) would pay \$1,460 per year for the parent's coverage, 4.56% of their total family income<sup>iii</sup>.

**The Governor has also proposed deep cuts in provider payment rates** which would jeopardize broad engagement efforts that have increased the number of participating providers by 32% in the last two years.

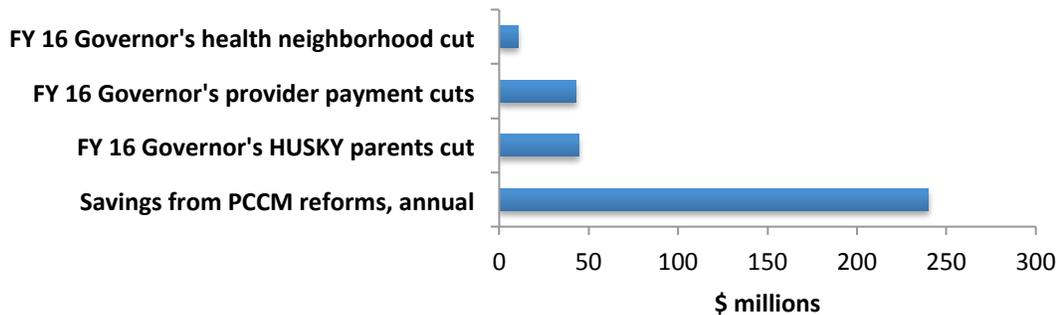


Source: Kaiser State Health Facts

**The Governor has also proposed eliminating funding for the innovative health neighborhood program of care integration for people eligible for both Medicaid and Medicare.**<sup>iv</sup> This program will improve the quality of care for Medicaid's most costly aged and disabled members, providing significant savings to the state's budget. After two years of extensive planning and collaboration, the project is very close to implementation. The Governor's proposal acknowledges that the project "could generate long-term savings by promoting practice transformation, facilitating person-centered team-based care, and creating a payment structure that aligns financial incentives to promote value".<sup>v</sup>

Connecticut receives 50% federal reimbursement for the costs of care for HUSKY A members. **For every HUSKY A dollar cut, the state saves only 50 cents.**

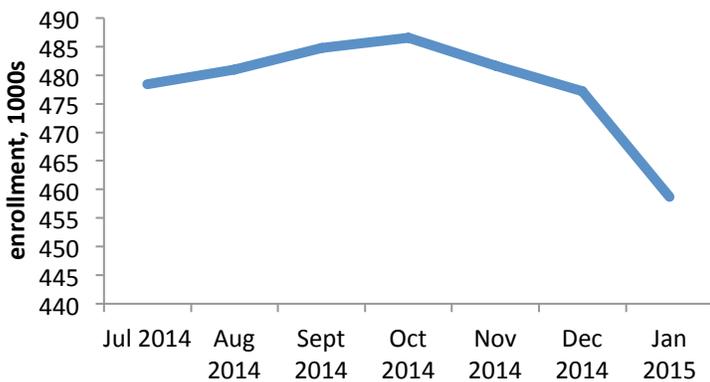
## Governor's cuts vs. already achieved savings



### The Governor's proposal is likely to jeopardize hard-won progress improving quality and controlling costs.

Connecticut Medicaid quality metrics now rival private coverage in many areas. Since 2012, when the program shifted to a self-funded, care coordination-based model, hospital admissions are down, non-urgent emergency room visits are down, and patient experience of care is much improved. Per person health costs have been stable over the last two years, **saving the state \$420 million** compared to increases across health insurance over those two years<sup>vi</sup>. Those savings are far greater than the estimated savings from the Governor's proposed cuts. While the Medicaid program has a deficit this year of \$120 million, the problems are mainly temporary, administrative issues that will be corrected.<sup>vii</sup>

## HUSKY A enrollment



While total Medicaid enrollment has increased due to the Affordable Care Act, enrollment in HUSKY for families (HUSKY A) has been dropping in recent months. HUSKY A membership fell by 5.74% (27,926) between October 2014 and January 2015. As our economy improves, that trend is likely to continue, reducing HUSKY parent enrollment naturally as incomes rise and more people become eligible for employer-sponsored coverage.

Source: Total HUSKY A enrollment, Active Medical Assistance Coverage Groups -- Eligibility Report, DSS, February 11, 2015

<sup>i</sup> [Connecticut's Medicaid Program Success: Significant Improvements in Access, Quality Care and Cost Control](#), CT Health

<sup>ii</sup> [FY 2016-2017 Biennium, Governor's Budget](#), February 18, 2015

<sup>iii</sup> [Health Insurance Marketplace Calculator](#), Kaiser Family Foundation, accessed February 18, 2015.

<sup>iv</sup> [Health Neighborhoods 101](#), DSS Provider Informational Forum, October 4, 2013

<sup>v</sup> Governor's budget proposal, p. B-66

<sup>vi</sup> Medicaid Reporting and Trend Review (2014); [Employer Health Benefits 2014 Annual Survey](#), Kaiser Family Foundation and Health Research & Educational Trust, September 2014

<sup>vii</sup> [Budget update](#), CT Health Notes, January 27, 2015; DSS personal communication