

TESTIMONY to the Committee on Government Administration and Elections  
March 7, 2016

**Re: Support for SB-361 – An Act Revising the State Code of Ethics**

Ellen Andrews, PhD, Executive Director

Thank you for the opportunity to share our support for this important legislation. We at the CT Health Policy Project have worked for sixteen years to expand access to quality, affordable health care for every state resident. No one supports effective health care reform more than independent consumer advocates.

Effective health reform is difficult. Over the past decades Connecticut has struggled and failed to design a system that improves access to high-quality, patient-centered care while controlling costs. While effective reform faces many challenges, the most toxic is control by conflicted interests. States far ahead of Connecticut in achieving effective reform have a culture of collaboration across divergent interests and a general expectation for stakeholders of placing the overall system's needs above their own. Strong ethics policies are the foundation of that culture. SB-361 will correct an important loophole in Connecticut's ethics law that has profoundly undermined trust in state health policymaking.

Connecticut's State Code of Ethics for Public Officials has worked well for our state since 1977, allowing crucial voices to share their wisdom with policymakers but ensuring that they are not in a position to bend policies to their benefit at the expense of the state. The Code is not static; it has been updated regularly over the years adapting to new problems that were never contemplated by the framers. SB-361 is one of these critical updates that, when passed, will ensure the integrity of the Code and of policymaking in Connecticut.

Along with dozens of other states, Connecticut was fortunate to receive a \$45 million State Innovation Model (SIM) federal grant two years ago. SIM is designing Connecticut's most ambitious plan yet to reform our state's \$40 billion health system. SIM is planning radical reforms to how health care is paid for and delivered to all 3.6 million state residents.

There has been considerable controversy around SIM's plans and planning process from diverse sources including independent consumer advocates, providers, and payers among others. SIM is being implemented in Connecticut by a new agency, led entirely by the Lieutenant Governor. SIM's governing structure includes a Steering Committee and several planning committees. Everyone on these groups is appointed solely by the Lieutenant Governor or her appointees. The most troubling process concern is that, unlike more successful states, SIM's planning groups are not transparent. The process of appointment to these committees often happens in secret meetings, voting ballots have not been fully disclosed under Freedom of Information, resulting in critical, independent voices, with nationally-recognized experience, excluded.

At the CT Health Policy Project, we have watched SIM as it has evolved over the last four years. Our initial optimism faded as serious process concerns emerged. For example, the payment model for all health care spending for all

state residents, was decided by a small number of carefully chosen committee members, including no consumer representatives but every large insurer, in a private conference room in Rocky Hill in poorly-publicized, sparsely-attended evening meetings during the summer of 2013. The model they chose is extremely controversial, placing significant risks on consumers and practicing providers while reducing financial risk for insurers substantially.

As the SIM process evolved in secrecy, I became increasingly concerned about the influence of conflicted interests driving both standard-setting for Connecticut's health system and in SIM grant procurement. I was aware of the State Code of Ethics for Public Officials, as I was subject to the Code as a consumer representative to the quasi-public HITE-CT Board until it dissolved in 2014. In a call to the Office of State Ethics, it became clear that SIM is unusual in Connecticut state government. It is not described in statute, is extraordinarily powerful, and is solely under the purview of the Lieutenant Governor. I also learned that state statute currently defines Public Official, for purposes of Ethics, as an appointee of the Governor or a member of the General Assembly only. Appointees of the Lieutenant Governor are not included. I was advised to submit a Request for an Advisory Opinion to the Citizens Ethics Advisory Board, which I did in January 2015.

Unfortunately, in the interim between my request and the Board's Declaratory Ruling in May, exactly what we were concerned about happened. Two SIM Steering Committee members that lead large health systems, Northeast Medical Group (Yale) and St. Vincent's, successfully lobbied a SIM subcommittee to lower the proposed terms of a \$650,000 SIM grant so they could apply<sup>1</sup>. Those two members subsequently voted for the lower grant standards in the Steering Committee. Their health systems both then applied and were awarded grants. In additional examples two organizations, Qualidigm and Planetree, were also awarded a substantial SIM grant. The Board Chair of Planetree, well compensated for his time<sup>2</sup>, and a member of Qualidigm's Board of Directors are members of the SIM Steering Committee and voted in favor of the grant terms. None of the SIM Steering Committee members recused themselves from votes on these grants or declared their conflicted interest. There are numerous SIM cases of standard and policy setting, affecting millions of state residents, being driven by the interests of carefully chosen committee members rather than the best interests of Connecticut.

In response to public pressure, SIM did adopt a conflict of interest policy much weaker than the State Code of Ethics, specifically stating that SIM committees are purely advisory and are not subject to the State Code of Ethics. I strongly disagree with this statement, but understand that under state law the Citizen's Ethics Advisory Board makes that determination. Members of SIM committees were told that unless we signed the weaker policy, including the statement, we would be dismissed from the committees. Reluctantly, eight independent consumer advocates signed the policy but added language that we further agree to comply with the State Code of Ethics for Public Officials and only signed to retain our places on SIM committees. Contrary to SIM assertions, independent advocates received correspondence confirming that the federal agency that funds SIM never certified SIM's weak conflict of interest policy nor did they comment on whether SIM is or should be subject to Connecticut's State Code of Ethics for Public Officials.

Thank you for your time and your commitment to effective, ethical policymaking in Connecticut. I urge your support for SB-361.

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<sup>1</sup> Minutes, SIM Practice Transformation Taskforce, February 17, 2015.

<sup>2</sup> Planetree's IRS Form 990 for 2012