



STATE OF CONNECTICUT
DEPARTMENT OF SOCIAL SERVICES

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GOVERNOR

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Health Insurers Submit Proposals to Join Charter Oak, HUSKY Plans

July 1 Start Planned for New Coverage for Uninsured

HARTFORD—Social Services Commissioner Michael P. Starkowski today announced that three health insurers have submitted bids to participate in the state's new Charter Oak Health Plan for uninsured adults and ongoing coverage for children and parents in the HUSKY Plan.

Progress in Charter Oak reached a key milestone when the Department of Social Services received technical program bids from:

- **AmeriChoice of Connecticut, Inc.**, a subsidiary of United Health Group, Inc.;
- **Community Health Network of Connecticut, Inc.**, a non-profit managed care organization; and
- **Aetna Better Health, LLC**, a subsidiary of Schaller Anderson, Inc. (acquired by Aetna of Hartford in 2007).

AmeriChoice and Aetna Better Health would be first-time managed care contractors in the HUSKY program on its ten-year anniversary, while helping launch brand-new coverage for adults in the Charter Oak Health Plan.

Community Health Network of Connecticut is a long-time service provider in the HUSKY program and also serves as medical managed care contractor in the State-Administered General Assistance program.

“The bid proposals by these three well-established health coverage organizations represent a major step forward in Connecticut's effort to bring affordable health insurance to adults who

currently are struggling to afford medical care,” Commissioner Starkowski said. “Assuming their proposals pass the evaluation phase and contracts are finalized, Charter Oak and HUSKY members alike will have a strong foundation of health insurers to coordinate benefits and services.”

The state’s aggressive timetable calls for a July 1, 2008, start date for the Charter Oak Health Plan, along with re-contracted managed care services taking effect in the HUSKY program. The intended implementation date for Charter Oak was set by the General Assembly in 2007 after legislators approved Governor M. Jodi Rell’s proposal for bringing affordable health coverage to uninsured adults of all incomes.

For its part, the HUSKY program had not been put out to bid for a decade. Governor Rell authorized the Department of Social Services to issue a joint request for proposals in January to enhance continuity of customer service across income and age levels; support economies of scale for bidding companies; and provide a known population of enrollees in HUSKY to compensate for the comparatively unknown Charter Oak population for purposes of actuarial analysis.

“The state is combining the procurement to allow the successful bidders to balance the familiar risk and large size of the HUSKY enrollment with the less familiar and less predictable size of the Charter Oak enrollment,” Commissioner Starkowski noted.

The combined procurement for Charter Oak and HUSKY will cover an estimated average enrollment of 350,000 to 400,000 Connecticut citizens annually for a period of at least three years and up to five years, with a total contract value projected to be in excess of \$3.5 billion over the maximum of five years. Currently, the HUSKY program enrolls over 333,000 children, teenagers, parents, relative caregivers and pregnant women.

AmeriChoice, Aetna Better Health and Community Health Network responded with bid submissions detailing program proposals on Friday, April 4. Cost proposals are due by the close of business today. The next step in the competitive procurement process is formal evaluation of the insurers’ proposals. If the evaluation finds all proposals acceptable, DSS will negotiate contracts with the insurers.

Charter Oak Health Plan

Proposed by Governor Rell in December 2006, the Charter Oak Health Plan will offer credible, affordable health coverage to adults who don’t have medical benefits through work and don’t qualify for a public program like the HUSKY Plan, Medicaid or Medicare.

“For the first time in Connecticut, Charter Oak will offer affordable choices and coverage options to everyone from young graduates and employees of small business to the self-employed and retirees under the Medicare age threshold,” the Governor has noted.

The Charter Oak Health Plan addresses what many experts have called the toughest challenge in health care nationally – bringing health care coverage to uninsured adults of all incomes and all health conditions in a manner that is affordable to both enrollees and taxpayers. The Governor and legislature included in last year’s state budget a premium assistance



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component of the Charter Oak Health Plan, with the goal of offering monthly premiums as low as \$75 for low-income residents. Monthly premiums will be geared to a sliding scale for enrollees with incomes under 300% of the federal poverty level. The plan targets premiums of no more than \$250 for enrollees with higher incomes.

Like the monthly premiums, Charter Oak's annual deductible will be on a sliding scale for enrollees with incomes under 300% of the federal poverty level, ranging from \$150 to a maximum of \$900 for all incomes.

The target audience for Charter Oak includes childless adults who might otherwise be eligible for HUSKY coverage if they had children under age 19.

The current design for Charter Oak includes:

- A robust prescription package with a three-tiered copay. The lowest copay, for a generic drug, would allow a prescription to be filled for \$10.
- Coverage available to enrollees with pre-existing medical conditions – the people most in need of coverage and the most difficult to insure.
- No maximum annual benefits. Instead, a lifetime benefit up to \$1 million – ensuring coverage would be available when needed.
- Laboratory, X-ray and other diagnostics available with 20 percent copay.
- Assignment of clients to a primary care physician with requirements similar to most health care plans regarding prior authorizations and referrals.
- Copays for prenatal, postnatal and preventative care would be lower than regular office visits, encouraging clients to seek these cost-effective, health-promoting services.
- Mental health and substance abuse treatment benefits.

Based on comments and concerns from advocates and legislators, the plan design was modified with expanded coverage in certain areas. For example, annual pharmacy benefits were raised to \$7,500 and durable medical equipment benefits to \$4,000, with full limitation exclusions for diabetic and ostomy supplies.

The Charter Oak Health Plan is projected to serve an average of 19,200 adults in fiscal 2009 (which begins July 1, 2008); 24,800 adults in fiscal 2010; and 47,200 adults in fiscal 2011. More information is available at www.ct.gov/dss/charteroak.

The HUSKY Plan currently provides coverage to more than 333,000 Connecticut residents, including nearly 233,000 children and teenagers. More information is available at www.huskyhealth.com or 1-877-CT-HUSKY.