

Covering Uninsured Adults: The Charter Oak Health Plan

[Excerpt from testimony by Commissioner Michael P. Starkowski before the General Assembly's Appropriations Committee on the Governor's fiscal 2009 midterm budget adjustment for the Department of Social Services, February 15, 2008]

We are continuing to make significant progress in the development and implementation of the Charter Oak Health Plan. We are well on our way to bringing affordable health care coverage to adults who do not have medical benefits through work and do not qualify for a public program such as the HUSKY Plan, Medicaid or Medicare. The Charter Oak Health Plan will offer affordable choices and coverage options to everyone from young graduates and employees of small businesses to the self-employed and retirees under the Medicare age threshold.

A July 1, 2008, start date remains our goal, as legislated by the General Assembly last session.

The Charter Oak Health Plan is a profoundly significant initiative for a number of reasons, but I will emphasize just two:

- For the first time, Connecticut's uninsured adults of all incomes will have access to a credible, affordable health coverage.
- Just as the HUSKY Plan put our state on the national map as a leader in children's health care a decade ago, Charter Oak will rank us as a trailblazer in pragmatic, 'doable' coverage for adults.

Affordability for Enrollees

While the Charter Oak Health Plan is designed for all uninsured Connecticut adults, those with incomes less than 300% of the federal poverty level will be eligible for a sliding scale subsidy of a portion of their expected premium costs. The target total premium for Charter Oak covered services is \$250 per member per month, decreasing to \$75 per member per month, depending on income. Charter Oak benefits are based on a commercial health insurance model, with deductibles, co-payments and co-insurance.

Demonstrating Flexibility in Charter Oak Design

We have raised the prescription medication and durable medical equipment benefit levels and lowered the annual deductible levels, to name three changes to address public input.

Request for Proposals

Last month, the Department issued a combined request for proposals for the Charter Oak Health Plan and re-procurement for the HUSKY Plan, soliciting proposals from the insurance industry nationally. The purpose of the combined RFP is to build in economies of scale and a known actuarial quantity to help attract insurers to the new Charter Oak product. As a result of the RFP, the Department anticipates awarding at least three and up to six statewide contracts to ensure adequate network coverage for HUSKY A,

HUSKY B, and Charter Oak beneficiaries. As mentioned, the Charter Oak Health Plan implementation date is expected to be July 1, 2008, based on legislation in the 2007 session.

Budget Summary and Enrollment Projection

The current budget allows for a transfer of \$2 million of funds from the state's Tobacco and Health Trust Fund for SFY 2008 and \$11 million in SFY 2009. The Governor proposes to increase the SFY 2009 amount to \$12 million from the Tobacco fund, as well as providing an additional \$5 million of General Fund dollars to ensure funding requirements are met for the program. This funding recommendation supports an estimate of up to an average of 32,800 Connecticut adults enrolling in Charter Oak by the third year.

Charter Oak Needed Now

I will close this section with real-life comments from three Connecticut citizens who have contacted the Governor and DSS. If you and your staff are like the Governor's Office and DSS, you know what it's like to get calls and emails from Connecticut residents who cannot wait for Charter Oak to get off the ground. Our notification list keeps growing with every call – and we believe the people who actually contact us in hopes of accessing Charter Oak are just the tip of the iceberg. The following excerpts represent the individuals and families who are waiting for Charter Oak to begin:

- **From a Simsbury woman:** *“This plan would be a life-saver to my parents and I’m sure to countless others in similar circumstances...please let me know when we can hope for this plan to be implemented...I am so thrilled that this problem is being addressed.”*
- **From an East Granby man:** *“Your proposed maximum monthly premium of \$250, with no maximum income limit, would be wonderful, and I would gladly sign onto that...I encourage you to do anything possible to get this plan in place, as soon as possible!”*
- **From a Colchester woman:** *“I am 20 years old with a not-so-wealthy family. I have been without insurance for almost three years. I have been getting quotes from many different insurance companies and I simply cannot afford any of them. The Charter Oak Health Plan [would] fit me perfectly. I would really like to know how I can apply.”*