



STATE OF CONNECTICUT
EXECUTIVE CHAMBERS

M. JODI RELL
GOVERNOR

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Governor Rell's Landmark Health Plan For Uninsured Adults Moves Forward

*Governor Directs Department of Social Services to Prepare for
July 2008 Start After Legislature Approves Charter Oak Health Plan*

Governor M. Jodi Rell's landmark plan to offer affordable health coverage to uninsured adults in Connecticut is moving forward this week after legislators voted to approve \$13 million to get the public-private initiative off the ground.

The Charter Oak Health Plan, first announced by Governor Rell last December, will bring 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. Start date is projected to be July 1, 2008.

"Our Charter Oak Health Plan is designed to bridge a dangerous gap in health coverage for adults," the Governor said. "Too many of our residents are going without health insurance because they simply cannot afford it. The middle class, especially, is caught in the middle. 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 early retirees.

"Connecticut already has the excellent HUSKY program for children and low-income parents, and one of the leading Medicaid programs for seniors and people with disabilities," the Governor said. "Medicare is already there for people when they reach 65. What we have been lacking is a practical choice for adults who have fallen through the cracks of health coverage. The Charter Oak Health Plan will fill the gap in a cost-effective way through a private-public approach to the problem."

The Charter Oak Health Plan represents a huge step forward for Connecticut in bringing affordable health coverage to a large part of the uninsured population--adults of **all incomes** (including childless adults who might otherwise be eligible for HUSKY coverage if they had children under 19), the Governor noted.

With the General Assembly's approval of the Charter Oak Health Plan in the new two-year budget package, Governor Rell directed Social Services Commissioner Michael P. Starkowski to begin development of a national 'invitation to participate' to the insurance industry. The goal is to offer a menu of credible coverage with monthly premiums as low as \$75 for low-income residents and no more than \$250 for those with higher incomes.

In her budget recommendation to the General Assembly in February, Governor Rell included a premium subsidies for low-income participants to keep the monthly cost affordable. The Governor's recommendation had contained \$18.9 million for fiscal 2008, \$36 million in fiscal 2009, to be annualized at \$45 million in fiscal 2010.

This week, legislators approved the Governor's proposal for Charter Oak, although with considerably less funding that she proposed -- \$2 million for startup and preparation costs for fiscal 2008; and \$11 million for program costs for fiscal 2009. The program costs are based on a sliding scale premium assistance plan for enrollees with incomes up to 300 percent of the federal poverty level.

"I applaud the General Assembly for recognizing the need for a practical, cost-effective approach to the problem of uninsured adults," Governor Rell said. "While my recommendation was reduced and timeframe pushed back, this is still an historic step forward for the state. There is a lot of pent-up demand for Charter Oak, and now we are able to tell callers and emailers that we have a projected start date of July 2008."

Testifying in support of Charter Oak during the legislative session, Commissioner Starkowski said the Governor's plan is based on a public-private partnership model that "strikes a balance between individual responsibility and government assistance for the lowest-income participants."

Commissioner Starkowski said, "The Governor's vision for Charter Oak blends reasonable cost for the participant with a 'safety net' subsidy for the lowest-income uninsured adults—those who either do not qualify for the HUSKY Plan because they are slightly over-income or because they do not have children, or both."

Starkowski said the state will issue an 'invitation to participate' to the insurance industry, with target premium cost of \$250 per month based in part on the likelihood of attracting a pool of young, relatively healthy participants as well as older enrollees to the new insurance product. He said the state has received initial interest from Connecticut and out-of-state health insurance carriers.

The current plan for Charter Oak includes:

- Full prescription package with a three-tiered copay. The lowest copay, for a generic drug, would allow a prescription to be filled for \$10 – \$15.
- Unlike many other states, coverage would not be restricted for enrollees with pre-existing conditions – the people most in need of coverage and the most difficult to insure.



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- 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.

Governor Rell said her administration is discussing the potential for partial federal funding of Charter Oak subsidies with officials of the Department of Health and Human Services' Centers for Medicare and Medicaid Services (CMS). Currently, the federal government gives Connecticut reimbursement ranging from 50 to 65 percent for HUSKY expenditures.

According to the state Office of Health Care Access (OHCA), over 91% of all residents and over 95% of children under 19 currently have health coverage, putting Connecticut in the top 12 states for this health care benchmark. However, an estimated 222,600 to state residents were believed to be uninsured in 2006, according to OCHA.