OFFICE OF THE
HEALTHCARE ADVOCATE
STATE OF CONNECTICUT

Testimony of Kevin Lembo, State Healthcare Advocate
Before the Human Services Committee
In Support of Raised House Bills 5617 and 5618
February 26, 2008

Good morning Senator Harris, Representative Villano, Senator Kissel, Representative Gibbons, and members of the Human Services Committee. For the record, I am Kevin Lembo, the State Healthcare Advocate. Our office is an independent state agency with a three-fold mission: assuring managed care consumers have access to medically necessary healthcare; educating consumers about their rights and responsibilities under health insurance plans; and, informing you of problems consumers are facing in accessing care and proposing solutions to those problems.

I'm here to testify in support of certain aspects of **Raised House Bills 5617, *An Act Delaying Implementation of and Making Revisions to the Charter Oak Health Plan*** and **5618, *An Act Concerning Revisions to the HUSKY Plan.*** I would like to focus on 5617 first, since it contains some needed revisions to the Charter Oak Plan that I have supported since seeing the first iteration of the Plan last year. As you know from my previous testimony on Charter Oak, I am very concerned with the state putting out an insurance product that offers less consumer protections than the state requires other health insurers to offer. The state should not be in the business of marketing and setting the precedent for the proliferation of limited benefit plans as a part of the solution to the problems of uninsurance. What will remain are a significant number of people who are underinsured. The consumer protections in the insurance statutes should have meaning for all residents of the state and I appreciate that you are considering revising the Charter Oak Plan to take into consideration the concerns raised by a wide range of advocates.

The revisions contained in Raised House Bill 5617 have become even more important since the release of the Charter Oak RFP. DSS has represented that while bidders must bid on the package in the RFP (which contains some changes that include coverage of most of the consumer protections in the insurance statutes), we have learned that bidders are also allowed to submit bids on a different benefits package of their choosing that falls within or near the $250 premium DSS has established. This obviously could result in changes to the possible package and benefit limits that Commissioner Starkowski has guaranteed would be covered under Charter Oak. This would undercut the work that has been done to ensure that Charter Oak is meaningful insurance coverage.

Beyond these concerns, there are two glaring and critical changes to Charter Oak that are necessary and, thankfully, rectified in this bill. I am pleased to see language in Raised House Bill 5617 that reflects the importance of the right to external appeal and compliance with utilization review laws. But I am especially pleased to see the inclusion

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of mental health parity which was essentially singled out for exclusion because of a purported belief that it costs too much to provide. Study after study shows that this is not the case. (Three of them to are attached to our testimony.) We cannot and should not discriminate against people with mental or nervous conditions and the failure to include mental health parity in the Charter Oak plan is discrimination. Thank you for your attention to this issue by including mental health parity in the Charter Oak plan in Raised House Bill 5617.

We also support the de-linking of the HUSKY contracts from the Charter Oak contracts. The products are not similar in the populations targeted for coverage, the regulations governing them or the delivery system for services. At first glance it might seem logical that using the number of HUSKY covered lives (over 320,000) might be leverage to attract bidders, but because the products are so different, that leverage disappears. At least one large local insurer has expressed that exact sentiment to DSS – federal laws governing HUSKY are detailed and more involved than any law governing Charter Oak which is purely a state product. Additionally, Charter Oak has been linked to HUSKY in terms of reimbursement rates and provider networks. We find it hard to believe that providers who are already resisting taking HUSKY patients will treat Charter Oak enrollees in a commercial model at similar reimbursement rates. Finally, the HUSKY system is designed with a certain range of providers in mind and a focus on concentration of care delivery at clinic settings. The Charter Oak population is targeted to what typically would be a commercially insured population. Finally, care settings and program design in Charter Oak are likely to be drastically different than the in HUSKY program.

I have been clear since Charter Oak was proposed that it could work, but there were many adjustments that needed to be made to make it work. While Charter Oak has evolved from a universal health plan, to an affordable plan, to now a bridge to commercial insurance, the need for the codification of consumer protections and the prevention of ad hoc changes to the plan is clearly necessary. The inclusion of mental health parity and the right to external appeal are common sense changes that allow Charter Oak enrollees the same protections as you and I already expect under our state's insurance laws as a matter of long-standing public policy.

We also support the inclusion of a medical loss ratio of eighty-five percent as a mechanism to ensure proper performance under the Charter Oak plan.

I support the proposed changes to HUSKY in Raised House Bill 5618. Restoration of continuous eligibility is a common sense measure to ensure longer-term coverage for children. I also support Section 2 of the bill which would delay the new contracting for HUSKY given the unsettled and current changes taking place. After such a drastic change in the program, it makes sense to let things settle for a year to determine whether the new system is working and more successful than the previous managed care system. The disruption to enrollees and providers makes the decision to delay the new HUSKY contracting vital.

Lastly, while I support the Governor's attention to hospice services in the Medicaid program in S.B. 34, I do not support the idea of waiting for a study on cost effectiveness nor a requirement that the services have to be within available appropriations prior to implementation. As only one of three states that does not currently include hospice as Medicaid benefit, the time for studying the obvious need for this benefit has passed. I also oppose Sections 1 and 2 of S.B. 34 which would reverse coverage for interpreter services in the Medicaid program at a federal match rate of 50% and would seriously inhibit access to Medicaid services by adopting the medical necessity definition from the SAGA program. The current definition works effectively.

Thank you for your time today and I am happy to take your questions.