

# SustiNet Health Partnership

## Board of Directors

**Co-Chairs**  
 Nancy Wyman  
 State Comptroller

Kevin Lembo  
 State Healthcare Advocate



**Phone:** 866.466.4446

**Facsimile:** 860.297.3992

**E-Mail:** SustiNet@ct.gov

Post Office Box 1543  
 Hartford, CT 06144-1543  
[www.ct.gov/SustiNet](http://www.ct.gov/SustiNet)

### Board of Directors Meeting May 12, 2010 Minutes

**Attendees (12):** Nancy Wyman, Comptroller, Co-Chair; Bruce Gould; Paul Grady; Bonita Grubbs; Paul Lombardo (for Thomas Sullivan); Sal Luciano; Joseph McDonagh; Jamie Mooney; Andrew Salner; Marie Smith; Marie Spivey; C. Todd Staub; and Cristine Vogel

**Office of the Healthcare Advocate (2):** Africka Hinds-Ayala; Vicki Veltri

**Office of the State Comptroller (1):** David Krause

**Guests (5):** Pat Baker (Connecticut Health Foundation); Linda Green (Goddard Associates); Stan Dorn (Urban Institute); Katherine London (UMass Medical School); Anya Rader Wallack (Arrowhead Health Analytics)

**Absent (16):** Kevin Lembo, State Healthcare Advocate, Co-chair; Ellen Andrews; Mark Boxer; Michael Critelli; Jeannette DeJesus; Margaret Flinter; Norma Gyle; Nancy Heaton; David Henderson; Jeffrey Kramer; Estela Lopez; Lucy Nolan; Rafael Perez-Escamilla; Marlene Schwartz; Michael Starkowski; Tory Westbrook

Nancy Wyman opened the meeting by welcoming all attendees and asking board members and co-chairs to introduce themselves.

Nancy asked for approval of minutes from the March 10, 2010 and April 14, 2010 retreat meeting. The minutes for the March 10, 2010 regular meeting were approved unanimously with no changes. The minutes for the April 14, 2010 retreat meeting were approved with one noted correction from Paul Grady who clarified his statements and information regarding SustiNet as a Public Option, how the state spends healthcare funding, and the two Federal Healthcare Reform Plan options. The corrections were noted and made.

The following people were approved as Advisory Committee Co-Chair(s) or new members:

<b>Health Disparities and Equity</b> Elizabeth Krause	<b>Health Information Technology</b> Alex Hutchinson, Co-Chair
<b>Preventive Healthcare</b> Thomas Buckley Gina Carrucio David Emmel Dennis Gottfried	Steve Huleatt Joseph Pandolfo Nancy Sheehan Randy Trowbridge

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Bruce Gould • Paul Grady • Bonita Grubbs • Norma Gyle • Jeffrey Kramer  
 Estela Lopez • Sal Luciano • Joseph McDonagh • Jamie Mooney

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Nancy introduced the SustiNet Project Management Staff: Linda Green, Katherine London, and Anya Wader Wallack to the Board.

Anya provided background information on all three consultants and explained that as consultants they will provide the help needed to maintain the established timeline for providing recommendations to the legislature by July 1, 2010. Anya reviewed the template provided by Stan Dorn; the completion of the template will be the focus for the next two-three weeks, with each committee/taskforce co-chairs having a draft listing of recommendations to the Board by May 24, 2010 and presentations to the Board on June 1, 2010. There will be feedback on June 8, 2010 to the respective co-chairs to fill in any gaps or clarify recommendations. The consultants will work with the Office of the Healthcare Advocate (OHA) and Office of the State Comptroller (OSC) Staff to compile a listing of recommendations and final report from the Board. The overall intent of the consultants is to provide support to the Board and staff following the timeline:

- **May 24**..... Templates from Committees / Taskforces received
- **June 1**..... Committees / Taskforces Oral Presentation to Board of Directors
- **June 8**..... Final feedback to Committees / Taskforces from Board of Directors through OHA
- **June 8-30**..Consultants work with OHA / OSC Staff
- **July 1**.....Final Report to SustiNet Board of Directors
  - Committees Interim Final Report goes to the Board of Directors
  - Taskforces Final Report goes to the CT Legislature.

Paul Grady inquired that some of the committees and taskforces will have recommendations that involve spending money and will these recommendations have a price tag on them? Jaime Mooney responded that the Health Information Technology (HIT) committee is in the stage of making policy recommendations and has not viewed the cost of implementation; also, the public act clearly states that this is to be at not cost to the state's general fund. Anya stated that the committees may not get to the level of specificity with regard to funding, price tag, or design. Sal Luciano stated that the Federal Healthcare Reform has made provisions for federal funding in specific areas, such as Healthcare Workforce; the federal government will offer grant opportunities (one-time and one-time) for specific positions (i.e., a State Healthcare Advocate), bonuses for primary care physicians who serve in rural areas, etc. Nancy said that the state budget will be reviewed and monies redirected as necessary to fund the SustiNet Program.

Anya said funding will be discussed today since Stan Dorn has made reference to federal funding opportunities and the net impact on the state; there will be a point in the process where there will be a thorough listing of funds available in many areas, HIT; medical home, reimbursement, etc. An unidentified speaker asked if any funding has been allocated, especially for the Regional Extension Center through eHealth Connecticut. An unidentified speaker responded that funds have not been allocated to date.

Stan Dorn initiated a discussion regarding the 60-Day Report (60-DR) and defining that this Report is not two things; it is (1) not an attempt to provide a comprehensive strategy to implementing Federal Healthcare Reform in Connecticut, which goes beyond our abilities and (2) not an attempt to re-examine the questions that were resolved by the CT legislature in 2009 when the SustiNet law was passed. The 60-DR takes the objectives and strategies of that law (Public Act 09-148) and simply asks: how, if at all, should the strategies and objectives be modified so that they can continue to be pursued in the changed environment of the enactment of Federal Healthcare Reform.

Stan continued to say that the 60-DR recommends three basic aspects of modifying SustiNet to fit the Federal Law, so that the legislature's direction can continue to be pursued: (1) SustiNet's delivery system can be immediately implemented with the current CT population – the idea is that the Federal Law makes available substantial resources and policy options to make changes in healthcare delivery systems for state employees/retirees, Medicaid, HUSKY, etc. with the intent to slow down the increase in cost while improving healthcare quality (i.e., \$5B available in federal money for re-insurance for early retirees

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provided that the former employer implement policy to slow cost growth for the chronically ill; thus State Comptroller Wyman has implemented a Patient-Center Medical Home for retirees allowing CT to access those federal dollars now versus having to wait until 2014); (2) to continue pursuing the decision reflected in the 2009 law that SustiNet should not be limited to existing state sponsored populations but available as an option for purchase by employers and individuals, thus as of July 1, 2012, SustiNet should be available for purchase by small firms, municipalities, and non-profit organizations. The Federal Healthcare Exchange goes into effect in 2014 and SustiNet should be available as an option, which will require the adjustment that SustiNet becomes a state licensed insurance product; and (3) the state implement the Basic Health Program Option (BHPO) that becomes available when the full force of the federal law is implemented in 2014 and thereafter; this option concerns adults with income between 133-200% FPL where these adults will not qualify for Medicaid, but go into the exchange to receive tax credit and out-of-pocket subsidy for cost sharing. The state(s) that chooses to implement the BHPO will receive 95% of the federal funds that would have been spent for these adults to contract with licensed health plans to offer healthcare services.

Stan continued to explain there are four advantages to implementing the BHPO with regard to SustiNet:

1. Protect current HUSKY parents from being exposed to increased costs of the general architecture of federal healthcare reform;
2. BHPO benefits the Connecticut General Fund because the HUSKY parents are financed by 50% of CGF and 50% Federal Funds; thus the majority of cost will be covered federally;
3. SustiNet available up to 200% FPL through BHPO would increase continuity of care; and
4. Increase the number of covered lives within SustiNet would change the way healthcare providers (physicians, nurses, hospitals, pharmacists, etc) to change how business is done because larger proportion of patients will be involved in a new healthcare delivery system making easier to execute.

Stan said there will be important questions that the SustiNet Board of Directors will need to answer and the CT legislature may need to act upon, for example: (1) Will CT expand HUSKY or potentially provide other subsidies to cover the low-income, uninsured?; thus, will the gain of expanding the coverage worth the cost to the CT General Fund? (2) Before 2014, should CT reform the individual insurance market/industry to institute the forbiddance of discrimination against adults with pre-existing conditions? There are a set of tough policy issues that need to be analyzed before 2014; thus these issues will be addressed in the appendix to the 60-DR. A set of policy issues arise before 2014 and continues; the detailed aspects of the SustiNet law need to be modified to fit the general policy direction of the federal law. There are certain areas of federal law that eliminate state choice, but federal policies will make certain choices and give the states the power to make the others. SustiNet should either re-examine the federal law or incorporate the changes; i.e., systems specified in the third appendix of the 60-DR with incorporation of quality care where the SustiNet law speaks to incentivizing quality care with a process developed by providers and consumers to develop quality measures, but the HHS will want to standardized quality care measures. How is it adjusted for patient mix when speaking of quality? Should CT grapple with questions or simply use federal methodology for adjusting quality measure to take patient mix into account, as specified in appendix three. There are several questions that must be answered before 2014 in detail before moving SustiNet forward: 1. How can SustiNet and the Exchange be assured independence? – it is problematic to have the same state agency run the exchange and a plan competing in the exchange; 2. How will state health insurance licensure laws be modified to apply to SustiNet, making it a viable and credible product; 3. Should CT supplement federal subsidies above 200% FPL for adults and children? This all occurs at a cost to the CT General Fund. Even with the questions to be answered, it is remarkable that the SustiNet law and the Federal Healthcare reform laws are closely aligned and synergistic; the passing of the law makes CT a leading state for federal funding.

Stan suggested that the Board answers three questions: 1. What is the consensus of the general direction being pursued by the 60-DR; 2. Are there particular details that give rise to questions or concerns; and 3. What is the precise process moving forward? Nancy said that the questions posed are good and provide direction for the 60-DR.

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Paul Grady complimented Stan with work done thus far with the 60-DR and identification of federal funding opportunities. Paul wanted to understand how the number of CT uninsured maybe affected by federal reform given that the Urban Institute may have completed an estimate of pre- and post-SustiNet insured because of federal reform. Stan replied that a number is not available now, but will be available shortly. Paul said that SustiNet is attempting to provide coverage to everyone, where there is 200K+ uninsured CT residents that will have the benefits of insurance after SustiNet is implemented.

Christine Vogel asked Stan if he knew the population size of the people who fall between 133-200% FPL. Stan replied that there are two distinct segments within that population: parents who qualify for HUSKY under current state law and other adults. Those numbers are not available at this time, but a company working with census data to analyze information available. Stan questioned if it is important to include this information in the 60-DR. Christine said it would help because if the Board is looking to the CT General Fund to subsidize this population, then a number should at least be provided; this will assess the impact of the decision of how many people are being helped.

Sal Luciano stated that a further complication includes people looking at the federal poverty level from a federal perspective when it was created decades ago which was essentially based on the cost of feeding a family; food prices have gone down whereas prices for everything else have increased, which does not make the provision of insurance easier.

Joseph McDonagh was curious if there is some specific reason not to implement the basic health program. Stan replied that the big picture of going forward with the BHPO would use the HUSKY program as the template which gives the advantage of making coverage affordable for those who are enrolled and disadvantage of lower provider reimbursement rates. If HUSKY adults are placed in a BHPO, they receive tax credits with coverage that is much less affordable, but they are enrolled in a private health insurance plan that pays providers more, which is the downside of pursuing the BHPO. Stan clarified that the approach recommended in the 60-DR is that the BHPO would be implemented in CT by giving the low-income adults the same package of benefits that are applied to the current HUSKY population with tax credits, but have providers receiving lower rates and consumers perhaps having less access to care. The lack of affordability is more of a barrier than the low provider reimbursement rates for the HUSKY population.

Christine stated that there are some provisions that if a health plan, after 2014, is not affordable then they may not qualify to have coverage as an individual? Stan replied that they will not qualify because the standard for affordability is much stricter under federal law versus Massachusetts. For example, because the general federal rule is if insurance cost more than 9.8% of income an individual/family can opt-out of having insurance versus the threshold of 4% of income the family has to get coverage either by paying out-of-pocket if going into exchange or enrolling in a program at no cost to the individual/family (HUSKY).

Bruce Gould stated that it concerns him that it does not take a lot of barriers for preventing someone access to care and is not sure what the fix is. Nancy questioned if the entire process of federal healthcare reform design is in the same place as it was in the beginning because for certain people the access won't be there because they can not afford to join the exchange or if they stay with HUSKY there will be no doctors to take them in. Stan replied that today childless adults are not helped unless their income is low-enough to qualify for SAGA, parents of children are only covered up to 185% FPL with coverage expand to higher income level under implementation. There is a problem nationally with low reimbursement rates for Medicaid providers.

Paul said that Medicaid is such a complex safety-net that it is essential to get an opinion or perspective from Department of Social Services before providing final recommendations.

Bonita Grubbs questions how the Charter Oak Plan does or does not dovetail with the 60-DR; the DSS has taken on this plan as a result of the Governor's initiative. Stan replied that the report is not to provide a comprehensive roadmap of federal healthcare in CT, but the charge is to describe how the SustiNet law would to be modified to meet the criteria set forth in federal healthcare reform; thus Charter Oak is

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outside of the realm of this report. Stan said when the 60-DR issues it should be questioned or considered: what happens to the Charter Oak Plan; what happens to joint purchasing initiatives; etc. Stan asked if Charter Oak will be an option in the exchange, but the 60-DR is not the place to address it. Sal said that Charter Oak will be deemed to be illegal because the federal legislation does not allow plans to have lifetime/annual caps and Charter Oak has two caps: \$100K annual and a \$1M lifetime cap. Stan said that if Charter Oak was to be an option in the Exchange then those features (caps) would have to be changed or eliminated.

Todd Staub questioned (page 6 of 60-DR) Section 5405 the \$120M is available nationally for primary care models, development of hubs, and extension centers. In New England there has been a movement to go forward with the medical home model that involves federal government and waivers. Todd said that PC will be essential to making SustiNet work and asked if Stan knows what other New England states are doing around the medical home model in seeking federal waiver to include Medicare in a pilot project so that it is an all-payer medical home model. In SustiNet this is one essential pillar to strengthening primary care to take the 200K people that would like come into care; thus, is there a way for SustiNet to help with an all-payer medical home initiative. Stan said the federal law makes these initiatives easier under CMS, with \$10B funding available over 10 years to support promising demonstration projects over 10 years. SustiNet would be a terrific candidate to go to CMS to seek funds to implement SustiNet, as Todd's suggestion goes beyond the norm of asking for financial support. Todd said that other New England states have been involved in the initiative for months with Dr. Craig Jones, who is organizing the all-payer medical home model with Rhode Island, New Hampshire, Maine, Massachusetts, and Vermont; Connecticut chose to not participate in the process, but is there a way for SustiNet to be an impetus to joining the effort. Nancy stated that this is a good opportunity to contact the other states to see if it possible to join the efforts.

Christine spoke of the executive summary of the second recommendation: *SustiNet as an option for employers and individuals*. Christine wants to know exactly needs to be happening / occur, or what laws need to change for this to occur? Stan replied said that nothing needs to happen at this very moment, but there are two steps discussed: the 2009 SustiNet law said effective July 1, 2012, small firms, non-profits, and municipalities could purchase SustiNet, with or without federal law – flush out the detail; and SustiNet being offered as an option within the Exchange then SustiNet needs to be a state licensed insurance product and federal law clarifies that plans offered in the exchange needs to encompass various levels of actuarial value with varying cost-sharing amounts. Christine stated there are many technical issues regarding SustiNet being licensed as a health plan, but is under the impression that the original conception is a federally funded plan and the Board needs to know exactly what is being recommended and the specific technicalities. The recommendations being offered in the 60-DR need to take into consideration the impact on the population, regulation, and state agencies, as well as the budget that will be allowed. There need to be decisions about the state agency regulator for SustiNet and the Exchange, along with who will run SustiNet and the Exchange. Stan said the 60-DR is due at the end of May 2010 and its structure is to make the decisions more manageable for the short term, but leave more time for detailed questions. With regard to the state licensure issue for SustiNet, the 60-DR leaves open explicitly if state laws need to change. The decisions are that of the Board based on current laws, observed requirements, and other various factors. With regard to cost the 60-DR does not have estimated cost but none of the recommendations made are dependent on cost. There will be a gain to CT general fund. The report leaves open the stronger issues for further analysis by the Board. There are three issues that are not very tough: take advantage of current available federal subsidies to implement system delivery reforms for the current fit population, make sure that SustiNet continues to be available as an option to firms, organizations, and municipalities, and assist HUSKY parent (s) and general funds with the increase of the spread delivery system reform with use of BHOP to cover low-income adults.

Bruce said there are lots of moving parts, and the Board should revisit the idea of providing as much coverage as possible, to as many as possible without minimizing those who fall through the cracks. Nancy said that the 60-DR is the first contact for the legislature for what happens in Washington, DC and Connecticut; is SustiNet a bridge of any kind? There are questions of how it will go farther, but the report

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is designed to alert the CT legislature of what is going on and what are the potential scenarios that exist in the wake of federal healthcare reform.

Bruce said the discussion is helpful, Christine's comments and alerts are welcomes, and we as a Board need to look at the issues and the ultimate goals of access and affordability.

Paul Lombardo, said that the Board will have available an expert from the State Department of Insurance who is heavily involved with licensing companies with regard to what the process is, what the requirements are, and identify criteria for the Board. Nancy requested what it would take for the CT to have a licensed exchange.

Bonita had a procedural question: what is the expectation with regard to the report and the transmission of the report to the general assembly and their feedback. Nancy replied that the report is due May 30, 2010 to the CT legislature. Nancy said this is report that is not set in stone and will allow for questions to be answered before submission.

Joseph said the three points raised in pages 5 through 7, with the thorny questions are about the structure of Sustinet, an independent agency, discrimination in the insurance market; are these things that the Board should be reporting on now or addressed closer to 2014. Stan agreed with the statements and stated that discrimination will be forbidden under federal law in 2014 and beyond. The federal law avoids adverse selection by the federal government providing subsidies up to 400% FPL, and the federal law mandates that people enroll into a plan. The theory is that mandated participation supported by federal subsidies, then people will not wait until they get sick to enroll; thus ending insurance discrimination. Therefore, CT will replicate federal law in 2014, like MA. The disadvantage to implementing insurance discrimination before 2014 will cost the CT General Fund a lot of money.

Paul said it is difficult to vote on the 60-DR report now, but for recommendation one the caveat stating "...immediate implementation of Sustinet delivery system reforms that take advantage of available federal funding", and stating the other two recommendations re-characterized as remaining questions to be explored. The Board adopts the federal laws and includes medical mal-practice pilots. Stan said it is included and flagged for further analysis.

Nancy requested that all Board members respond back to the staff within one week from today; with responses due by May 19, 2010. Sal said that the negative implications of the Basic Health Plan Option should be included in the 60-DR to ensure that the legislature is on the "same page" as the Board. Stan said that it is mentioned in the footnotes and agrees that it will be brought into the text. Nancy said that it will be difficult to supply another version within the short time frame, so that if one agrees with the report, please inform staff (Vicki Veltri), otherwise please get commentary into the staff by May 19, 2010. Nancy reminded the Board members that the 60-day final report is an alert to the legislature and required by state statute.

Paul said a reason for the 60-day report was to see if the legislature needed to take immediate action; is there a need for that? Stan said the legislature could move forward with immediate action, but it is at the discretion of current state statute and if that legislative action is desirable at this time. Vicki Veltri said that the state could do something if it wanted to, but doesn't have to because of its broad authority. Specifically, the state does need to do something about the temporary high risk pool, which has been addressed. Stan said the 60-DR would need to be modified to take into account immediate national reform. Nancy asked Stan if that should be included; with the reply that it will be included.

There was brief discussion on the second two recommendations with some comments that members did not having enough information to recommend an approach within two weeks. There are issues to be examined within the context of the design. Stan said that within a week the coverage and cost estimate can be provided so that questions can be answered. Nancy said with additional information will it change anything, but we need to be careful with the wording from recommendation to discussion and potential problematic issues. Stan said that the recommendations can be made "possible direction" for modifying

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SustiNet and following that route, there would be certain questions that need to be answered. Sal agreed with the 60-DR format as discussed and mentioned that there are cost savings the state has begun to capture with the purchase of pharmaceuticals at state-employees prices for municipalities. This information can and should be included in the report.

Nancy said change from recommendations to discussion items with the inclusion of numbers; it is possible to vote on this direction for the 60-DR. As stated, the 60-DR was approved with the noted changes.

The June 1, 2010 Board of Director's meeting will be at 9:00 to 12:00pm at the Office of the Healthcare Advocate, 153 Market Street - 7<sup>th</sup> floor, Hartford.

There was no unfinished business to come before the Board.

The meeting was adjourned.

**Next meeting will be on June 1, 2010 at 9:00 PM to 12:00 PM.**

**Location: 153 Market Street, Seventh Floor**