SustiNet: Connecticut Health Reform in the Wake of Federal Action

SustiNet Board of Directors
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Stan Dorn
The Urban Institute
Overview

- Overall architecture of the new federal law
- A basic approach for adjusting SustiNet to the new federal law
- Policy design issues under this basic approach
Part I

Overall structure of the new federal law
Basic architecture: 2014

- Health insurance exchanges
  - Run by state agency, nonprofit, or federal government
  - Consumers can choose among multiple health plans
  - Access by
    - Consumers not offered employer-sponsored insurance (ESI),
    - Small firms (and at state option, large firms)

- Subsidies
  - Medicaid up to 133% of federal poverty level (FPL)
  - Tax credits, other subsidies up to 400% FPL

- Shared responsibility
  - Individuals must buy coverage (with exceptions)
  - Employers with >50 FTE workers pay a penalty if ESI not offered

- Insurance reforms
  - No discrimination against consumers with health problems

- Delivery system reform encouraged in many ways
Other policy features

“Early deliverables” before 2014
- Well known: tax credits for small firms, young adults on parental policies, no preexisting condition exclusions for children, etc.
- Others potentially important to Connecticut:
  - Reinsurance for early retirees
  - Grants for consumer assistance
  - High-risk pool dollars

Major caveats
- The law is big and complex
- We’re a long way from federal regulations
- Many grants are authorized but not yet appropriated
Part II

A basic approach to adjusting SustiNet in light of the new federal law:
A possible vision for the 60-day report
Elements of basic approach

- Starting in 2014, SustiNet is offered in the exchange
- SustiNet uses newly available federal resources to implement delivery system reforms, starting now. E.g.:
  - $5 billion in reinsurance for early retiree coverage, premised on slowing cost growth for the chronically ill
  - $10 billion for care innovation demonstrations
  - 90 percent Medicaid match for medical home demonstrations
  - SustiNet as state/regional hub for primary care, med. home
- SustiNet embodies an integrated strategy for implementing delivery system reforms favored by federal law to “bend the cost curve”
The basic health plan option

- Federal law

- Advantages of including within SustiNet
  - Preserves affordability that HUSKY now provides
  - Shifts some HUSKY costs from the state to the federal government, thus benefiting the General Fund
  - Adds to SustiNet’s critical mass, which helps leverage delivery system reforms
Implementation before 2014

- Not in question: applying delivery system reforms to existing SustiNet populations before 2014

- Issues before 2014
  - Expanding HUSKY to currently ineligible consumers
  - Offering SustiNet to employer groups (small firms, non-profits, municipalities)
  - Offering SustiNet to individuals
Accepting federal approaches to key policy questions, such as:

- Defining covered preventive care that is exempt from co-pays
- Defining essential benefits
  - Any need for CT-specific evidenced-based benefits?
- Access to exchange by people offered ESI
- Reporting requirements for insurers
  - Any need in CT to gather additional information?
- Streamlined enrollment
- Medicaid reimbursement
The relationship between SustiNet and the exchange

- Modifying CT licensure rules so SustiNet can be offered in the exchange
- Independence of SustiNet and the Exchange
  - Should a non-profit or the federal government run the exchange, instead of a state agency?
  - Should something other than a state agency run SustiNet?
- Supplementing federal subsidies for SustiNet and other exchange plans that reform health care delivery
Conclusion

- SustiNet fits comfortably within the federal reform framework
- SustiNet positions CT to access newly available federal resources
- Careful thought will be needed to flesh out answers to key questions as part of the 60-day report