

Executive Summary: Report to the Connecticut General Assembly

From the Sustinet Health Partnership Board of Directors

Connecticut residents, businesses, and state government face deep and growing problems with health care and coverage. Costs are rising to unsustainable levels, hundreds of thousands of people lack insurance, quality is inconsistent, purchasers are unsure of the value they receive for their premium dollar, and disparities along racial and ethnic lines affect both health status and access to essential care. If policymakers do nothing and recent trends in Connecticut continue unabated, the end of this decade will see private employers spending \$14.8 billion a year on insurance premiums, and nearly 390,000 people will be uninsured.

Fortunately, two developments now put Connecticut's leaders in a strong position to address these longstanding problems, despite the state's daunting budget deficit. First, the federal government passed the Patient Protection and Affordable Care Act (Affordable Care Act or ACA). Among its features, this legislation offers substantial new federal resources to states that aggressively tackle issues of coverage, cost, and quality. Second, the General Assembly's 2009 Sustinet legislation laid the foundation for using these new federal resources to effectively address the state's health care problems by applying innovative strategies that will place Connecticut in the front ranks of American states.

The Sustinet law embodied a distinctive vision. Uninsured, low-income residents will get the help they need to afford coverage, and insurers will no longer be permitted to discriminate against consumers with preexisting conditions. At the same time, a new, publicly-administered health plan—dubbed “Sustinet,” from the state motto—will implement the country's best thinking about reforming health care delivery to slow cost growth while improving quality. Sustinet will begin with existing state-sponsored populations, state employees and retirees as well as Medicaid and HUSKY beneficiaries. Sustinet will then become a new health coverage option for municipalities, private employers, and families.

To flesh out this vision in detail, the 2009 law established the Sustinet Health Partnership Board of Directors (Board), requiring the Board to develop recommendations for further legislative action. After twenty open meetings, two public briefings, a legislative briefing, and numerous meetings of advisory committees and task forces staffed by nearly two hundred volunteer citizen/experts, we are proud to present our recommendations to the Connecticut General Assembly and the Governor. Thanks to the Affordable Care Act, the Legislature's vision of Sustinet can now be implemented without increasing state spending. In fact, the combination of federal reforms and our proposal for expanding coverage, slowing cost growth, and improving quality will reduce state budget deficits, according to estimates from Dr. Jonathan Gruber of the Massachusetts Institute of Technology, one of the country's leading health economists.

We recommend a policy with the following features:

- **The Sustinet health plan will implement delivery system and payment reforms** that move towards a more coordinated, patient-centered, evidence-based approach to health care.
- **The plan will be administered by a quasi-governmental agency** governed by a board of directors appointed by the Governor and the Legislature. Initially, staff and administrative support will be provided by the Office of the Comptroller.
- **Sustinet will begin by serving state employees and retirees along with Medicaid and HUSKY beneficiaries**, none of whom will see reduced benefits or increased costs because of the shift to Sustinet. However, Sustinet's delivery system and payment reforms will immediately seek to achieve savings for state taxpayers while improving quality of care and health outcomes for consumers.
- **Sustinet will become a new health insurance choice for municipalities, private employers, and households.** Connecticut's cities and towns

will quickly gain the ability to enroll their workers in Sustinet. Sustinet will then gear up to offer commercial-style insurance to small employers and non-profits, if possible before 2014. Effective on January 1, 2014, when most federal reforms become operational, Sustinet will offer comprehensive, commercial benefits to all of the state's employers and households. This new health insurance choice will be available both inside and outside Connecticut's new health insurance exchange, established under the ACA. Sustinet will undertake feasibility studies, develop business plans, conduct a risk assessment, and take any other steps needed to ensure that the new competitive option is viable and adds value in the marketplace.

- **HUSKY will expand to cover all adults with incomes up to 200 percent of the Federal Poverty Level.** By drawing down the maximum possible amount of federal funding, the state can extend HUSKY's current safeguards to additional vulnerable adults while reducing the amount state taxpayers must spend to cover low-income residents.

As HUSKY expands to cover the lowest-income uninsured, Sustinet will play two distinct roles. First, Sustinet will seek to lower the cost and improve the quality of services provided to state-sponsored populations. Second, Sustinet will offer all employers and families a new, competitive health insurance option that reforms health care delivery and payment to improve value and slow premium growth.

These reforms will spark broader change throughout Connecticut. Leading by example, Sustinet's innovations will make it easier for others to follow a similar path. Our proposal harnesses the power of competition, ensuring that successful Sustinet reforms will be replicated by private insurers seeking to preserve their market share. Sustinet will also work collaboratively to implement multi-payer reforms that help the state's providers give their patients high-value, quality care. And by enrolling a large number of consumers, Sustinet will gain the leverage it needs to reform health care delivery and payment.

Even if Sustinet fails to slow cost growth, implementing national reform in the way that we propose will still save Connecticut taxpayers between \$226 million and \$277 million a year, starting in 2014. Such savings will result from substituting newly available federal dollars for current state spending on health coverage for low-income residents. And if Sustinet slows cost growth by just one percentage point per year, the state budget will improve by \$355 million in 2014, with gains reaching more than \$500 million a year, starting in 2019.

To support these efforts, we recommend that the Legislature work with state officials to find the resources needed for vigorous campaigns to reduce obesity and tobacco use, improve the state's infrastructure for furnishing preventive care and promoting healthy behaviors, eliminate health-related racial and ethnic disparities, and develop Connecticut's health care workforce. To address the access problems that result from low reimbursement rates for HUSKY providers, we recommend that the state comprehensively realign Medicaid and HUSKY payment, allowing targeted, budget-neutral payment increases that address particularly serious access problems. After that realignment, we urge the Legislature and the Administration to implement a multi-year initiative that gradually raises HUSKY payments to at least Medicare levels.

The baton now passes to the Legislature for further progress down the path it began in 2009. We are confident that 2011 will see Connecticut enact some of America's most thoughtful and strategic health reforms, benefiting the state's taxpayers, employers, and families for years to come.