UNIVERSAL HEALTH CARE
FOUNDATION OF CONNECTICUT

Public Comment Submitted to the Health Care Cabinet
November 15, 2016

Universal Health Care Foundation of Connecticut (UHCF) is an independent, activist philanthropy. Since our founding in 2000 we have been working to engage the public in the fight for access to quality, affordable health care and better health in Connecticut.

Our Foundation envisions a health care system that is accountable and responsive to the people it serves; that supports our health and takes excellent care of all of us when we are sick at a cost that doesn't threaten our financial security; and continues to be an important source of quality employment and vitality in our communities.

With the results of the recent national election, we now live in a new and extremely challenging reality, one that makes this vision of health care for Connecticut far more difficult to achieve.

Repeal of the Affordable Care Act (ACA) is at the top of the agenda of President-elect Trump and Congress. This means that 22 million people across the country are at risk of losing their health coverage.

Here in Connecticut, approximately 200,000 people enrolled in Husky D (Medicaid for low-income adults) and 103,000 people enrolled in Qualified Health Plans through Access Health CT (or at least the close to 75% of them who rely on subsidies) are at risk of losing their coverage. Moreover, we face a very real threat that the federal dollars the state receives to support our Medicaid program will be cut back through block grants or other mechanisms, at a time when the state already has a serious budget crisis.

The last thing we want to see is a reversal of the tremendous progress made in Connecticut to ensure people have health coverage. We are going to have to fight back with everything we have to protect those gains.

Affordability

We weren't facing this harsh reality during the cabinet's study period. But while we now confront these very real threats to coverage, the need to address affordability has not gone away. In fact, it may be more crucial than ever.

No matter what happens in Washington, we still have to deal with the fact that health care in our state is extremely expensive and that costs are going up too fast. Employers and those buying unsubsidized insurance for their families are struggling to pay for rising premiums. We have heard two stories in the last few weeks where a working family's insurance went up by over 45%, from what they paid in 2016 to

what they will have to pay in 2017. In both cases these insurance policies come with very high deductibles on top of these huge premium increases.

The cost of health care is rising much faster than wages. Even if the coverage expansions made under the ACA weren't under threat, we are already in a situation where people are afraid to get sick and many of those who are already sick are finding it difficult to afford their care.

Coverage without affordability is coverage in name only – it does not guarantee access to needed care. And if coverage is too expensive, even more people will end up uninsured.

Health Care Prices

For those with private health insurance, the health care cost problem in Connecticut is less about overutilization and much more about high health care prices. This was made clear in the presentation by Professor Zack Cooper to the Cabinet in February, which focused on hospital prices. He reported significant variation in prices, variation which in many cases is unrelated to the actual cost of care or to the quality of care. Instead, much of this variation is based on oligopoly or monopoly power to demand higher prices.

One of the reasons health care costs are rising is the high and rapidly increasing prices of prescription drugs – this is true for Medicaid, the State Employee Health Plan, people covered by Access Health CT and those receiving coverage through their employers. Again, monopoly pricing power, in this case by pharmaceutical corporations, is evident.

The Cabinet recommendations don't go far enough to address outrageous and unaffordable health care prices:

- The Cabinet should be recommending tougher regulation of provider rates and review of hospital budgets, and a movement toward all-payer global budgeting, as is happening in Maryland and Vermont.
- The consultants have provided the Cabinet a series of recommendations on pharmaceutical prices. Exploring them further should be considered a top priority and recommendations about pharmaceuticals should be included in the report, not deferred to subsequent study.
- Affordability of health care to consumers should be a significant factor considered in the health insurance rate review process, and hospital and insurance rate setting should be linked, as is done in Vermont.

In addition, we support these Cabinet recommendations:

- Expanding the role of the Attorney General to monitor health care cost trends, including a specific focus on how consolidation is having an impact on prices, in the hopes that this transparency could be one way to protect the public from health care price gouging
- Adopting a statewide target for the annual growth in total health care expenditures

Health System Coordination, Planning and Accountability

The Foundation believes that state government must play a more effective role in planning, coordination, accountability and oversight. The recommendation to establish and Office of Health Strategy, is an important start.

But without an inter-agency council of some sort, it will be difficult for state agencies to forge a cohesive strategy to address health care costs, capitalize on opportunities to attract and deploy resources and identify ways to leverage state health care dollars more effectively. We are disappointed that the recommendation concerning creation of a Health Policy Council did not advance in the straw proposal.

Medicaid High Utilizers

With regard to controlling costs in Medicaid, we feel the focus should be on innovative care coordination, including expanding the use of community health workers, to better manage and support the care of high need, high cost Medicaid recipients. We support the recommendations that focus on building the infrastructure that gives health care providers serving people on Medicaid the tools to address the complex health and social needs of their patients. We should be investigating every possible avenue for funding and supporting a team-based approach to care that bridges clinical care with community resources.

CCO Strategy

The proposal puts a lot of stock in the formation of Consumer Care Organizations (CCOs), a modified form of Accountable Care Organizations (ACOs), originally piloted with Medicare, that are now spreading to the commercial insurance market, and, in some states, to Medicaid. The foundation views the CCO recommendation, or at least some movement away from a strictly fee for service payment system, as worthy of consideration.

But a CCO strategy will be highly complex to implement and may not have sufficient impact on reining in costs and improving quality.

Some of our concerns include:

- The State Employee Health Plan is well into enrolling over 60% of its members in ACOs or other alternative payment models, so a CCO-like approach is already well under way.
- ACOs are still relatively new arrangements (both in Connecticut and nationally) and much is to be learned about whether they will ultimately be effective at controlling costs and improving quality.
- It is not clear that a "one size fits all" approach to Medicaid and the State Employee Health Plan will work for these very different programs. Our comments, above, have suggested different solutions for Medicaid and privately insured populations.
- The application of this model, particularly the incorporation of "down-side risk" - the possibility of withholding payment for poor outcomes - may not be the right approach for Medicaid. It could discourage provider participation in the program and have other unintended and potentially harmful consequences. That is why we wholeheartedly agree with the Cabinet's decision to not pursue down-side risk for Medicaid until at least after the State Health Care Innovation Model (SIM) payment and delivery reform pilot programs are completed and have been evaluated.
- This approach may require too many administrative resources from within Connecticut's Medicaid program, at a time when they face new threats from the changed political environment in Washington