



SustiNet: Connecticut Health Reform in the Wake of Federal Action

SustiNet Board of Directors

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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



Part III

Key policy design issues

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