

What can Charter Oak teach the CT Health Insurance Exchange?

Connecticut is now building Access Health CT, our health insurance exchange under national health reform. The exchange is intended to offer a user-friendly marketplace for consumers and small businesses seeking affordable, decent health insurance. In designing the exchange, the state must make a lot of complex and difficult decisions affecting affordability and effective coverage in a short time. Fortunately state policymakers can learn from our experience with the Charter Oak Health Plan, which was created five years ago for the same purpose.

Governor Rell created the Charter Oak Health Plan in July 2008 to leverage the state's sizable investment in Medicaid to provide Connecticut's uninsured with affordable coverage. Monthly premiums started at \$257 per member per month, with subsidies for lower income applicants. Contrary to Medicaid, Charter Oak includes copays, deductibles and co-insurance costs for consumers in addition to premiums, but is available regardless of pre-existing conditions. Because of those consumer costs and limited provider panels, Charter Oak enrollment has declined by 61% from its highest pointⁱ attracting higher cost members and more than doubling premiums to \$589 per member per month now.

There are significant differences between Charter Oak and the exchange (CT HIX) that don't allow an exact comparison but general experience can be instructive.ⁱⁱ A comparison of unsubsidized consumer costs for commonly used services between Charter Oak and the exchange's Board approved silver level standard plan is below. For many services consumer costs are higher in the exchange plan than in Charter Oak. In no case, are the exchange's costs less than Charter Oak's.

	Charter Oak ⁱⁱⁱ	CT HIX – standard silver plan ^{iv}	CT HIX vs. Charter Oak
Preventive care visit	100% covered		--
Primary care office visit copay	\$25	\$30	+\$5
Specialist office visit copay	\$35	\$45	+\$10
Maternity, pre- and post-natal visits	100% covered	\$45 ^v	+\$45
Generic medication	\$10	\$10	--
Brand name medication	\$35	\$25 to \$40	--
Urgent care visit	\$35	\$75	+\$40
ER visit	\$100	\$150	+\$50
Hospital visit	90% covered after \$900 deductible	\$500/day to 4 days	?
Lab work	20% coinsurance	\$30	?
X-rays	20% coinsurance	\$45	?
Annual max out of pocket	\$1,800	\$6,000 in network \$12,000 out of network	+4,200 to \$10,200
Benefits in blue are subject to deductible Red cells indicate services where CT HIX costs are higher than Charter Oak			

Affordability will be key for the exchange to avoid Charter Oak’s decline. The standard plan is more expensive than Charter Oak and other options now available in Connecticut’s insurance market^{vi}. To attract consumers the exchange must find ways to reduce costs and ensure value.

ⁱ From maximum enrollment of 14,579 in May 2010 to 5,699 January 2013, DSS Enrollment Reports, Council on Medical Assistance Program Oversight, 2010, 2013

ⁱⁱ Charter Oak suffered from a limited provider panel based on Medicaid managed care plans. However there are reports that providers have been approached by health plans proposing to create new, exchange-only provider panels paying lower Medicaid ratesⁱⁱ that may mirror Charter Oak’s experience. The Charter Oak Plan includes a \$1 million lifetime cap on coverage and in 2008 began with a \$100,000 annual limit on coverage.

ⁱⁱⁱ Charter Oak Health Plan—Explanation of Covered Services, MSCOE0021-1112, Band 5 individual coverage, accessed 3/26/2013,

http://www.huskyhealthct.org/members/member_postings/member_benefits/Charter_Oak_Member_Benefits.pdf

^{iv} Silver unsubsidized plan, as approved by CT Health Insurance Exchange Board, 3/13/2013,

http://www.ct.gov/hix/lib/hix/Copy_of_Revised_Standard_Plan_Design_Recommendations_%2803102013%29.pdf_-_Adobe_Acrobat_Pro.pdf

^v There may be efforts to reduce this copay

^{vi} Comments on CT Insurance Exchange Standard Benefit Plan Proposal, CT Health Policy Project, 1/13/2013, http://cthealthpolicy.org/pdfs/20130113_standard_plan_comments.pdf