

## Why a Premium Assistance Program won't work for Connecticut Yet another update

The Governor's budget proposal has again included premium assistance for HUSKY. Premium assistance programs require HUSKY parents who have an offer of coverage at work to sign up there and receive a reimbursement from the state in place of their HUSKY benefits. The idea is to leverage private health dollars to help pay the costs of care for HUSKY. Services not covered by employer coverage, such as dental, vision, prescriptions or mental health benefits, would be provided by DSS through a new "wrap around" program. DSS would also reimburse families for out-of-pocket costs, such as \$20 copays and \$1,000 deductibles.

---

HUSKY  
*\$2,175 per person  
up 4%*

Sounds good, so what's the problem?  
It doesn't work.

CT Private  
Insurance  
*\$4,500 employee  
only  
\$12,000 family  
up 8.8% (US)*

Dozens of states have tried to implement premium assistance programs; all but one or two have failed. Premium assistance is very complex and difficult to administer. It requires a detailed analysis of each employer's benefit package to determine which are cost effective compared to HUSKY. Premium assistance requires states to hire large staffs and spend considerable sums on consultants.

---

2005 costs

It won't save money.

HUSKY is extremely cost effective coverage costing far less than private coverage but CT ranks 6th highest in the US for family private insurance premiums. And that gap will only grow; private insurance premiums are growing twice as fast as HUSKY. For the vast majority of families with an offer of employer coverage, HUSKY will be more cost effective.

How would premium assistance work for real CT families?

Most doctors in CT do not accept HUSKY or Medicaid. In Rhode Island, where premium assistance is successful, all doctors who accept commercial managed care must also accept Medicaid. In Boston, 80% of doctors accept Medicaid.

*How would CT families enroll in premium assistance?*

- Under premium assistance, a HUSKY parent with a cost effective employer health package must sign up at the next open enrollment at work.
- The family then will have to switch to new doctors that accept the new insurance.
- Premiums will be deducted from their paychecks and somehow be reimbursed by DSS.
- Families must also pay any deductibles, often \$1000 or more, and somehow be reimbursed by DSS (as their doctor will likely have no way to bill DSS).
- After paying down the deductible, they must pay co-pays for each doctor visit, often \$20 or more. Again, they must be reimbursed somehow by DSS.

As CT employers continue to drop coverage and shift more costs onto employees, as workers switch jobs, or hours are reduced and workers are no longer eligible for benefits, premium assistance families would have to switch back to traditional HUSKY. This switching happens often in Rhode Island.

*To switch back into HUSKY from premium assistance, the family must*

- Re-enroll quickly in HUSKY
- Choose a health plan with open slots in their county
- Find a doctor willing to take new HUSKY patients for each family member
- Transfer all medical records to the new offices
- All without compromising any on-going treatment plans, requiring new physicals, tests or duplicating immunizations.

*How would premium assistance work for DSS?*

It would be hard. DSS' systems have struggled lately with multiple policy changes, which are modest in comparison with the complexities of premium assistance. For instance, when eligibility for HUSKY parents was restored to 150% of the federal poverty level last summer, rather than the expected steep increase in enrollment, HUSKY actually lost 10,000 members due to system issues.

DSS has a lot on their plate right now.

- Moving 30,000 SAGA members into managed care
- Carve out behavioral health services for over 300,000 HUSKY members and DCF children
- DSS sustained losses of 25% of staff levels in layoffs and early retirements that have not been reinstated
- Six years after a lawsuit was filed on behalf of HUSKY members unable to access dental care, there is still no progress toward improving oral health care

- Two years after the Program Review and Investigations Committee made 58 critical recommendations to improve deficient DSS eligibility systems, the average processing time for HUSKY applications has increased substantially

**Does DSS have wrap-around programs now? How are they working?**

Yes, and not very well. 20,000 current HUSKY members have private insurance. DSS should be paying their out-of-pocket costs and providing any medical benefits not offered in their private coverage. But DSS will reimburse out-of-pocket costs only if the rate HUSKY would have paid for the service is less than the private insurance rate. Since HUSKY rates are so low, that virtually never happens. Consumers and doctors are just out of luck.

The two HUSKY Plus programs were originally designed by DSS as wrap around programs for HUSKY Part B, but they rarely worked that way. Only a handful of children ever qualified for either program. Of \$550,000 spent on HUSKY Plus for physical health last year, \$400,000 was absorbed by providers for care management.

## **Bottom Line:**

**Premium assistance is a bad deal for Connecticut consumers and for Connecticut taxpayers.**

Sources: Premium Assistance Toolbox for States, National Academy of State Health Policy, [www.patoolbox.org](http://www.patoolbox.org), DSS, Kaiser Family Foundation, State Health Facts On-line, [www.statehealthfacts.org](http://www.statehealthfacts.org), Center for Child & Family Health, RI Dept. of Human Services, The Poverty Institute, RI School of Social Work, RI Legal Services, RI Family Advocacy Program, Planned Parenthood, Office of Congressman Patrick Kennedy, Ocean State Action, March of Dimes, RI Chapter, RI Kids Count, Single Payer RI: Health Care for All, Mental Health Assoc. of RI, RI Health Center Assoc., America's Health Insurance Plans, [www.ahip.org](http://www.ahip.org)