

Why a Premium Assistance Program won't work for Connecticut Again, for the fifth time

For the fifth year in a row, the Governor's budget includes a proposal for premium assistance in the HUSKY program. Four years in a row, the legislature has rejected the idea as unworkable and unrealistic. Premium assistance programs require HUSKY members who have an employer's offer of health coverage to sign up for those benefits at work 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 families. Services not covered by the employer's coverage, such as prescriptions or dental care, 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 per visit and \$1,000 deductibles.

HUSKY
\$2,328 per person

CT Private
Small Group
Insurance
*\$4,848 employee
only*

2006 costs

Sounds good, so what's the problem?

It doesn't work.

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.

It won't save money.

HUSKY is extremely cost effective coverage. Last year, HUSKY cost the state \$2,328 per person on average for comprehensive coverage. Private small group coverage in CT averaged \$4,848 last year for individual employees. And that gap will only grow -- HUSKY costs are growing far less quickly than private coverage. For the vast majority of HUSKY families with an offer of employer-coverage, it will not be cost effective. None of the health benefit packages of the top five employers of HUSKY parents meets RI's premium assistance cost effectiveness test.

How would premium assistance work for real CT families?

Few Connecticut doctors accept Medicaid. But 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 during the next open enrollment period at work
- The family then will have to switch to new doctors that accept the new insurance
- Premiums will be deducted from their paycheck and somehow be reimbursed by DSS
- Families must also pay any deductibles, often \$1,000 or more, and somehow be reimbursed by DSS (as their doctor will 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 workers, many employer benefit packages that were cost effective in previous years will no longer qualify for premium assistance. When that happens, families in a premium assistance program would have switch back to traditional HUSKY. If the eligible worker changes jobs or the worker's hours are reduced and he/she is no longer eligible for benefits, premium assistance families would have to switch back. This switching happens often in RI's premium assistance program and is a significant burden for families and state agencies.

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

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 in 2005 on HUSKY Plus for physical health, \$400,000 was absorbed by providers for care management.

Bottom Line:

Premium assistance is still 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, DSS, Kaiser Family Foundation, 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