

## Premium Assistance won't work for HUSKY So why did it pass?

After rejecting the idea four years in a row, in a last minute legislative rat snuck into a budget implementer bill, the state passed the Governor's HUSKY premium assistance program.

### What is premium assistance?

Premium assistance programs require HUSKY families who have an employer's offer of health coverage to sign up for those benefits at work and disenroll from HUSKY. The families would have premiums deducted from their paychecks and somehow be reimbursed by the Department of Social Services (DSS). The idea is to leverage private employer health insurance contributions to reduce the state's costs. Services not covered by typical low-wage workers' benefit packages, such as prescriptions, dental or vision care, would somehow be provided by DSS through an ill-defined "wrap around program". Somehow DSS would also have to reimburse families for out of pocket costs such as copays, deductibles, and coinsurance.

### So why is it a bad idea?

Dozens of states have tried to implement premium assistance and failed. These programs are very complex and expensive to administer. Through a detailed analysis, the state must assure that each family's employer package is cost effective compared to keeping the family on HUSKY, including the cost of wrap-around coverage. This is often not possible as the state gets a very good price for HUSKY, which averaged only \$2,328 per person last year, while private small-group insurance in CT averaged \$4,848 for single coverage. More over, HUSKY increased only 3.8% last year, about half the rise in private insurance at 7.7%. Even if the state finds a few cost-effective packages among the 313,015 people on HUSKY now, next year the balance may have tipped back. The administrative burden of complicated benefit analyses and switching families in and out of HUSKY are likely to far overwhelm any faint savings from the program.

### How would premium assistance impact HUSKY families?

Consider two families of three, with identical incomes, both now receiving care from the HUSKY program.

The Jones family has an income of \$20,000 and everyone in the family has been getting health care from HUSKY for years. Mom works at Mega-Mart and is eligible for health insurance there. Under premium assistance, the Jones family will be forced to sign up for Mega-Mart's health insurance and will be disenrolled from HUSKY. Mom will begin having \$228 taken out of her paycheck every month; she can submit those bills to DSS for reimbursement. Laura Jones, ten months old, is pulling at her ear and crying constantly. She probably has an ear

infection, but Mom can't take her to the doctor because the visit costs \$150. Mega-Mart's insurance will not pay for it because they have a \$1,050 deductible. Mom could pay the cost up-front and somehow be reimbursed by DSS, but she doesn't have the money to begin with. Susan Jones, Laura's eight year old sister, is having trouble in school. She needs glasses to see the board but Mega-Mart's insurance doesn't cover eyeglasses. Again, Mom can't afford to pay \$100 and wait for a reimbursement from DSS.

Now consider the Smith family, also making \$20,000 per year, also on HUSKY. But Dad works for a small, family-owned grocery store that doesn't offer health insurance so they can stay on HUSKY. Laura Smith, also ten months old, got an ear infection but Dad took her straight to the doctor without paying upfront. Susan Smith, also eight, gets the eyeglasses she needs and she can see the board at school just fine.

How will we know if people aren't getting the care we are paying for? We won't. Right now the HUSKY program reports to the legislature and the Medicaid Managed Care Council about how much health care is being delivered to families. Those reports include how many children are getting their scheduled check ups, how many are getting dental screenings, how many pregnant women are getting prenatal care, and how many prescriptions are being filled. Families in premium assistance would be outside the HUSKY information system. We would have no idea if anyone is getting any care at all. Also, families in HUSKY have rights under federal law if the HMOs do not provide the health care we are paying for. Families in premium assistance would have none of those rights. There is far less accountability, for either families or the state, in premium assistance than in HUSKY.

How would the wrap-around program work?

No one knows. Right now DSS should be paying out-of-pocket costs for 20,000 HUSKY members who also have employer coverage. For these families, employer insurance pays first and HUSKY pays whatever isn't covered. But DSS will only reimburse for copays or deductibles from the employer coverage if, and only if, the rate HUSKY would have paid for the service is less than the private insurance rate. This virtually never happens, so families and providers never get reimbursed.

DSS has implemented two wrap-around programs, HUSKY Plus for Physical Health and for Behavioral Health to cover HUSKY Part B children. But they never worked well. Only a handful of children were ever enrolled and most of the money went to health care institutions for care management, very little was spent on health care services.

## Bottom Line:

**Premium assistance is still a bad deal for Connecticut families and for taxpayers. DSS should not try to implement premium assistance for HUSKY families.**

Sources: Why a Premium Assistance Program won't work for Connecticut: Again, for the fifth time, Policymaker Issue Brief No. 33, CT Health Policy Project, Feb. 2007, 2006 Kaiser/HRET Health Benefits Survey, Kaiser Family Foundation.