

Fifteen ways to save money in Connecticut's health care budget

With the state facing significant budget deficits and a new Governor preparing to take office, we have updated our list of policy proposals to save money in Connecticut's health care budget. Across-the-board cuts are counter-productive and unnecessary. There are many areas of the budget where significant savings can be achieved, but also initiatives that combine savings with improvements in the delivery and quality of health care. These are not experimental – most of these ideas have been tested and are being used successfully in other states and by other payers. There is no shortage of innovative ideas and willing partners to both improve our state's health care system and save money.

It is important to note that significant savings to the state budget, as well as Connecticut employers and households, are likely due to SustiNet reforms. Some of the savings outlined below are likely to be incorporated within SustiNet estimates and some are independent. Information on projected savings from SustiNet is expected soon.

1. Implement patient-centered medical homes for every member of state coverage plans. Medical homes coordinate fragmented services and give patients the tools and support they need to take responsibility for their own health reducing hospitalizations and emergency room use. National health reform includes several funding opportunities to implement and support patient-centered medical homes in Connecticut.

Potential savings: \$71 to \$530 per person per year

2. Implement Primary Care Case Management statewide for the HUSKY program. Committing attention and resources to ensure a robust program that attracts providers and consumers, is accountable for outcomes, and serves as competition to the HUSKY HMOs (motivating them to perform) would provide Connecticut taxpayers with significant savings. National health reform includes a provision providing 90% matching funds for Medicaid care management services targeting chronic illnesses.

Potential savings: \$40 to 50 million

3. Recover overpayments to HUSKY HMOs. \$50 million in HUSKY HMO rate overpayments were identified last year in an independent audit by the Comptroller's Office; DSS has yet to reduce HMO capitation rates.

Potential savings: at least \$50 million

4. Move HUSKY to self-insurance. Last year's state budget included over \$76 million in savings by moving HUSKY from the current fully insured arrangement to an Administrative Services Organization model. DSS has not implemented this change.

Potential savings: \$76 million in first year, \$19 million each year after

5. Rebid HUSKY and all state health care purchasing on a regular basis. The state employee plan, like most large purchasing pools, is rebid every three years to ensure the state is getting the best possible price for services. DSS should rebid services for the HUSKY program on a regular basis.

Potential savings: potential significant state savings

6. Build robust wellness programs for state coverage plans. Each dollar spent on wellness programs returns \$3.27 in reduced medical costs and \$2.73 in reduced absenteeism.

Potential savings: \$43 million in direct medical costs for state employees alone

7. Create a shared-savings plan for all state coverage plans to engage consumers in both identifying and reporting fraud, waste and abuse and in generating ideas for innovation. The successful Medicare Senior Patrol program developed by the US Administration on Aging provides an important guide.

Potential savings: difficult to estimate, possibly \$40 million or more

8. Expand urgent care center and retail clinic capacity. A recent study found that between 14 and 27 percent of all emergency department visits could be safely provided at urgent care centers or retail health centers costing less than half or one third than at emergency departments for the same service.

Potential savings: \$10.5 million in HUSKY alone

9. Implement payment reform for all state health care purchasing and support all-payer initiatives to reduce overutilization and pay for quality. This includes a variety of initiatives implemented in other states such as pay-for-performance, paying for episodes of care and eventually making risk adjusted global care payments. National health reform includes several funding opportunities for implementation of payment reform models.

Potential savings: \$126 million in Medicaid

10. Promote and require the use of health information technology tools for all state coverage programs and for provider licensure and renewal standards.

Potential savings: \$100 million in Medicaid

11. Use transparency and market forces to improve cost effectiveness of care by providing consumers with comparative quality and cost data. Maine, Pennsylvania and Minnesota have led states in developing publicly available comparisons among providers based on quality and cost data allowing payers and consumers to choose the best value.

Potential savings: potential significant state savings

12. Reduce prescription drug costs with a provider education (counter detailing) campaign, limit gifts to providers from drug companies, require disclosure of all financial ties between providers and suppliers and prohibit direct industry funding of provider training. Much can be done to encourage generic drug use and mail order delivery savings among Medicaid consumers.

Potential savings: \$35 million in Medicaid

13. Expand public health programs that give patients tools to take responsibility for their health including care coordination, disease management, risk assessments, disease screenings and immunizations on a community level to prevent disease and manage chronic illness.

Potential savings: potential significant state savings

14. Assess areas of over and under capacity in Connecticut's health care workforce. Workforce shortages are a significant driver of skyrocketing health care costs, while there is evidence that an over-abundance of physicians in an area can increase costs. A thoughtful plan and strategic educational investments could improve the quality of care and hold costs in check.

Potential savings: potential significant state savings

15. Develop a public education campaign about appropriate health care treatment. Consumers facing an increasingly complex health care environment can be misled by industry interests threatened by reductions in profits. A coordinated, thoughtful campaign to educate consumers about the dangers of overtreatment, that more care is not always better, to counter misinformation about "rationing" and gatekeeping, and the benefits of coordinating health care will engage consumers in improving the effectiveness and value of health care.

Potential savings: potential significant state savings