

## Ten Ways to Save Health Care Money in Connecticut's State Budget

**1. Implement PCCM statewide for the HUSKY program**, committing attention and resources to ensure a robust program that attracts providers and consumers, is accountable for outcomes, serves as competition to the HUSKY HMOs (to get them to perform) and saves money. This not only saves money but invests resources in primary care and care coordination capacity in the HUSKY program – sorely needed infrastructure to reform a broken system. For more on PCCM in HUSKY, go to

<http://www.cthealthpolicy.org/pccm>

Possible savings: \$113 million/year

[http://www.cthealthpolicy.org/briefs/issue\\_brief\\_46.pdf](http://www.cthealthpolicy.org/briefs/issue_brief_46.pdf)

**2. Repeal the 24% rate increase given to HUSKY HMOs last summer.** Nationally Medicaid managed care plan rate increases have been between 4 and 5% annually.

Possible savings: \$162 million/year

**3. Provide coverage for smoking cessation medications and counseling in Medicaid.**

Possible savings: significant

**4. Re-align state employee health benefit costs.** CT pays 16% more than the average for all states (family coverage, 2006), but workers' share of those costs are 9.2% less than the US average for state employees.

Source: NCSL, <http://64.82.65.67/health/StateEmpl-healthpremiums.pdf>

Possible tools to reduce state employee health costs, used in other states

- Promoting provider adherence to clinical guidelines and best practices
- Disseminate provider performance comparisons
- Performance based initiatives
- Develop care coordination programs
- Develop/lead the state in multi-payer quality coalitions and initiatives

Source: What Public Employee Health Plans Can Do to Improve Health Care Quality: Examples from the States, The Lewin Group for The Commonwealth Fund, January 2008,

[http://www.commonwealthfund.org/publications/publications\\_show.htm?doc\\_id=656849](http://www.commonwealthfund.org/publications/publications_show.htm?doc_id=656849)

**5. Limit HMO administrative costs.** Other states have passed legislation limiting medical loss ratios to 75% (insurers may only spend up to 25% of premiums on administration and profit).

Possible savings: Maine's law requiring medical loss ratios of at least 75% resulted in just one insurance company returning \$1 million to consumers in 2008. NJ's similar law resulted in \$11.6 million returned to policyholders between 1993 and 2006.

**6. Pay more for quality care** through pay-for-performance and value based purchasing initiatives under all state coverage programs. These programs could be implemented without new resources, by realigning incentives within current health care spending levels.

**7. Implement medical homes for every member of a state coverage plan.** Medical home practices reduce specialty costs, improve health access and outcomes by strengthening the patient- provider relationship and emphasizing primary care and care management.

Possible savings: NC's Community Care program (medical home model) saved \$225 million in Medicaid spending

A 1999 study found that one in four hospital patients were readmitted for conditions that could have been prevented with better primary care. Those readmissions averaged \$7,400 per patient in 1999.

**8. Promote and require use of health information technology tools**, including electronic medical records, by all providers participating in state coverage programs.

**9. Disseminate comparative quality and cost data to consumers** to use market forces to improve cost effectiveness of care.

**10. Limit prescription costs with provider education campaigns** (counter detailing) using independent information on relative costs and effectiveness of medications, limit gifts to providers from drug companies, require disclosure of all financial ties between providers and drug companies, and prohibit data mining, the purchase of consumer prescription records as a marketing tool.

Sources: All these initiatives have been adopted in other states to reduce prescription drug spending.

Ellen Andrews, PhD

February 4, 2009