Connecticut Health Policy Project

703 Whitney Avenue, New Haven, CT 06511
Phone (203) 562-1636 • Fax (203) 562-1637 • www.cthealthpolicy.org

Thirteen ways to save money in CT's state budget

With the state facing new and increasing budget deficits, and the Governor preparing to issue her mitigation plan, health care advocates strongly urge the state's decision-makers to consider alternatives to across-the-board cuts. Indeed, advocates make the case that there are not only areas of the budget where money can be saved, but adjustments and initiatives in these areas could also improve the delivery of health care.

Advocates urge the governor and Legislature, as a payer, employer, educator, public health funder, data collector, regulator and licensor of providers, health plans and insurers, to bring all parties to the table and lead these changes, building on the opportunities presented by federal health reforms to encourage these innovations.

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 honest competition to the HUSKY HMOs (motivating them to perform) and saves money. PCCM not only saves money but invests in primary care and care coordination, sorely needed capacity in Connecticut.

   PCCM has been implemented and is saving money in thirty states. Todate, Connecticut has implemented this important program in Waterbury and Willimantic only. The state has also set several artificial barriers to participation for both consumers and providers, including a failure to devote resources equal to those committed to HUSKY HMO, and an unwillingness to accept assistance from advocates with recruiting providers and consumers.

2. **Recover the $50 million annual overpayments to HUSKY HMOs revealed in the Comptroller's audit of HUSKY rates.** These savings were proposed by the Governor for the FY 2010 and 2011 budgets, approved by the General Assembly and are included in the final budget. However, DSS has yet to reduce HMO capitation rates to reflect the savings.

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

4. **Limit HMO administrative costs.** Other states have passed legislation limiting medical loss ratios to 75 percent (insurers may only spend up to 25 percent of premiums on administration and profit). Enforcement of a similar law by the state of Maine resulted in the return of millions in premium overpayments to residents of that state. The House version of national health reform limits insurers' medical losses to 85 percent.

5. **Implement payment reform for all state health care purchasing and support all-payers initiatives to reduce overutilization and pay for quality.** This includes a variety of initiatives implemented in other states such as pay-for performance for both providers and managed care plans, paying for episodes, or bundles, of care in one payment across the care continuum rather than paying fees for each service, and eventually making global care payments for individuals, risk adjusted to account for varying levels of need.

6. **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 improve and maintain their own health status. Medical homes reduce the need for specialty care, improve access, reduce duplicate tests, reduce unnecessary and conflicting medications, keep patients out of emergency rooms, and improve patient safety by strengthening the patient-provider relationship and by emphasizing primary care and prevention.

7. **Promote and require the use of health information technology tools,** including provider electronic medical records and consumer personal health records, for all state coverage programs. Support the development of a secure, private, user-friendly health information exchange for all state residents. The pilot health information exchange being developed by eHealthConnecticut for Medicaid recipients could serve as a template for the state.

8. **Use transparency and market forces to improve cost effectiveness of care by providing consumers with comparative quality and cost data, using successful models from other states**.

9. **Reduce prescription drug costs with a provider education campaign,** on the relative costs and effectiveness of medications; limit gifts to providers from drug companies; require disclosure of all financial ties between providers and suppliers; and prohibit data mining, or the purchase of consumer prescription records, for marketing and commercial purposes.

10. **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. Connecticut's program providing free nicotine replacement therapies was overwhelmed and had to be shut down early because demand outstripped the budget. Vermont's Blue Print for Health can serve as a template for Connecticut.

11. **Build all-payer data systems** that monitor quality, support care coordination, reduce duplication of services and medical errors. Support providers in using their data to improve performance and support payers in using the data to reward value and efficiency.

12. **Assess areas of over and under capacity in the health care workforce**, develop a strategic plan to address shortages and surpluses. The nursing shortage has been a significant driver of hospital costs, in particular, while there is evidence that an over-abundance of physicians in an area can increase costs. As our population ages, chronic diseases multiply, and the practice of medicine changes, it is critical that Connecticut monitor and regulate its health care workforce.

13. **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. Use the "wisdom of crowds" and the network of hundreds of thousands of consumers to drive improvement.

November 2009