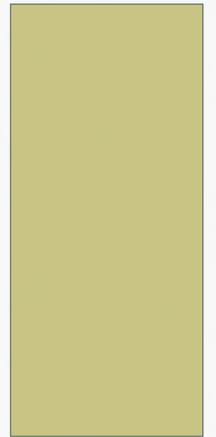


BUSINESS PLAN WORK GROUP PRESENTATION
TO THE
HEALTH CARE CABINET

JUNE 12, 2012



TODAY'S PRESENTATION TO THE HEALTH CARE CABINET

- Workgroup charge, membership & resources
- Context for goals and recommendations
- Goals, rationale and supporting strategies
- Discussion
- Next steps

BUSINESS PLAN WORKGROUP **CHARGE**

- Propose one or more business models that could effectively offer quality health benefits affordable to small businesses and individuals.
- Compile and analyze market, feasibility and risk assessment data in order to identify gaps in coverage, quality and affordability.
- Develop multiple scenarios for addressing such gaps including public, nonprofit and private approaches.
- Make recommendations for alternative approaches.

The Cabinet is responsible for transmitting recommendations to the Governor and legislature by October 1, 2012.

BUSINESS PLAN WORKGROUP MEMBERSHIP

Co-Chairs

Ben Barnes,

Secretary, Office of Policy and Management

Frances Padilla, MPA

*Executive Vice President, Universal Health Care
Foundation of CT*

Nancy Yedlin, MPH

Vice President, The Donaghue Foundation

Members

Ellen Andrews, Ph.D.

Executive Director, Connecticut Health Policy Project

Philip Boyle

Vice President, Health Consultants Group, LLC

Edward Claire

Independent Consultant

Bonita Grubbs, MPH, MA

Executive Director, Christian Community Action

David Guttchen

*Director, Health & Human Services, Office of
Policy and Management (OPM designee)*

Alex Hutchinson

Managing Partner, RPM Health

Linda St. Peter

President/CEO, IBIS Consortium

Vicki Veltri, JD, LLM

*State Healthcare Advocate, Office of the
Healthcare Advocate*

Tom Woodruff, Ph.D.

*Director, Healthcare Policy and Benefit Services
Division, Office of the State Comptroller*

BUSINESS PLAN WORKGROUP RESOURCES INFORMATION AND PRESENTATIONS

Presentations

- **John Bennett & Robert Little**, Capital District Physicians Health Plan (Presentation to full Cabinet)
- **Stephanie Chrobak**, Director of Operations, Massachusetts Connector
- **Kevin Counihan**, President of CHOICE Administrators Exchange Solutions , formerly Chief Marketing Office Mass Connector
- **Ken Lalime**, Executive Director, CSMS IPA (CO-OP application & ACO activity)
- **Katharine London**, UMASS Medical School Center on Health Law and Economics
- **Laurel Pickering**, CEO ,Northeast Business Group on Health
- **Antonio Pinto**, member, SHOP Advisory Committee, CT Exchange
- **Leslie Swiderski**, Program Coordinator, Program Access, Waterbury
- **Tom Woodruff**, State Comptroller's Office (State Employee health Plan Health Enhancement Program)
- **Robert Zavoski**-, MD , DSS (Patient Centered Medical Home
- **Jill Zorn**, Senior Program Officer, Universal Health Care Foundation

Work group member presentations

- **Linda St Peter**
- **Phil Boyle**
- **Ellen Andrews**
- **Vicki Veltri**

Data Sources

- Mercer reports to Exchange
- U Mass BHP analyses
- OPM LIA data
- Speaker's Working Group on Small Business Health Care report & recommendations
- Best Economic Security Table (BEST) Report
- Sustinet Final Report
- HUSKY Enrollment reports
- Others

A complete list of data sources and reference materials consulted and copies of presentations are at the OHRI website

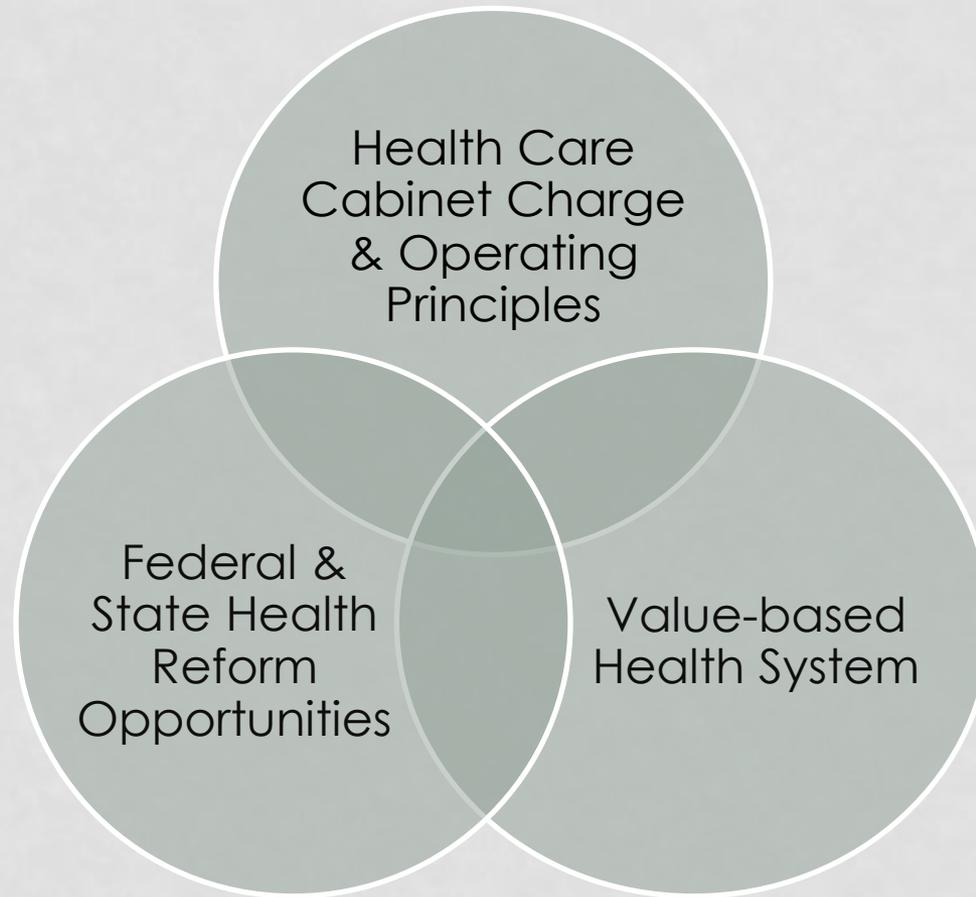
BUSINESS PLAN WORKGROUP
CONTEXT
GOALS AND RECOMMENDATIONS

Current State of Health Care

- System fragmentation
- Misaligned payment mechanisms
- Unequal access to care
- Affordability of insurance

Status quo is not an option – purchasers (including the State) cannot afford the current system

BUSINESS PLAN WORKGROUP
CONTEXT
GOALS AND RECOMMENDATIONS



BUSINESS PLAN WORKGROUP
CONTEXT
GOALS AND RECOMMENDATIONS

Value in Health Care

“... value is defined as the patient health outcomes achieved per dollar spent.If value improves, patients, payers, providers, and suppliers can all benefit while the economic sustainability of the health care system improves.The best way, and perhaps the only way, to improve the equity of care is to measure value, make value transparent, and reward value improvement. “

BUSINESS PLAN WORKGROUP

CONTEXT

GOALS AND RECOMMENDATIONS

Value in Health Care

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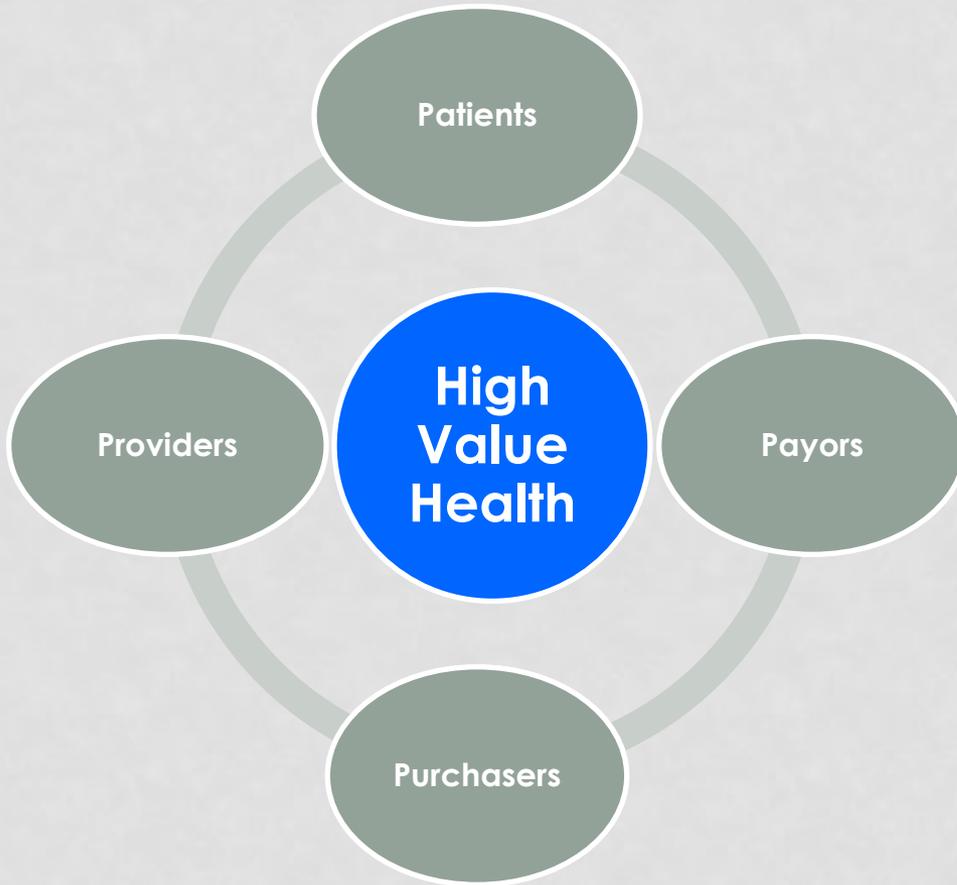
Value:

- Actual health *outcomes*, not the volume of services delivered
- Results achieved relative to cost
- Enhanced patient experience and engagement

Equity/Access:

- Basic requirement of any health care system
- Access alone does not constitute value
- Improving value is essential to making access affordable
- Value delivered for every patient counts including those who are now underserved

VALUE IN ACTION



Example

A plan design tailored to diabetics

- Provides the structure to improve the clinical and economic outlook for diabetics
- Provides the tools for diabetics to self-manage and take ownership of their condition
- Easy-to-use diabetes prevention guidelines
- Data tracking website with built in reminders
- The plan provides members with significant benefit plan enhancements—valued at an estimated \$250-500 per year in out-of-pocket expense savings—by complying with preventive care guidelines

BUSINESS PLAN WORKGROUP
CONTEXT
GOALS AND RECOMMENDATIONS

Signs of change are emerging in Connecticut

- State Employee Health Plan health enhancement program
- Medicaid care delivery and payment innovation (PCMH, health neighborhood)
- Private sector value-based initiatives (purchasers and payors)
- Health Information Exchange
- Provider practice transformation (i.e., medical homes, ACOs, etc.)
- Approval of funding for HealthyCT (a non-profit CO-OP funded by CMS)

BUSINESS PLAN WORKGROUP GOALS AND EMERGING RECOMMENDATIONS

1. **Diversify the Connecticut insurance marketplace** through promoting new health plan entrants (nonprofit, public, and/or private health plans) and by using the State's purchasing and convening power to influence existing health plans to pursue a value health strategy in order to expand access to coverage, enhance the patient care experience, improve health and treatment outcomes, and control costs.
2. **Establish qualifying criteria for plans to be offered in the Exchange** that promote a value health strategy over the long term.
3. **Address the gaps in access to affordable, quality care** that will continue for individuals and groups, even with the implementation of the ACA.
4. **Ensure a trusted and effective forum exists** for public agencies, private sector purchasers, providers and consumers to focus on identifying solutions and innovations in health care.

GOAL # 1

BUSINESS PLAN WORK GROUP

GOALS AND EMERGING RECOMMENDATIONS

Diversify the Connecticut insurance marketplace by:

- Promoting new health plan entrants (nonprofit, public, and/or private health plans)
- Using the State's purchasing and convening power to influence existing health plans to pursue a value health strategy in order to expand access to coverage, enhance the patient care experience, improve health outcomes and control costs

Rationale:

- Connecticut health plan value-driven initiatives are emerging but limited and fragmented
- Markets in other states with local, non-profit health plans are innovating in plan design and payment methods for the purpose of creating long term member value
- Purchasers must ultimately be committed to driving change by partnering with payers and providers and collectively share in being accountable for creating a value-based health system

GOAL # 1

DIVERSIFY THE CONNECTICUT INSURANCE MARKETPLACE

Supporting Strategies

- Use all available vehicles -- legislative, regulatory, private, public, nonprofit, philanthropic -- as levers to promote implementation of a Value Health Strategy
- Promote all stakeholders' work toward:
 - True partnership and alignment between public and private employers offering coverage, state sponsored health programs, practitioners, payers and consumers
 - Payment incentives to support value
 - Delivery system innovations
 - Price transparency
 - Identify appropriate vehicles for stop loss, reserves and capital investments needed to accomplish a value health chain
 - Quality metrics and evidence based practice
 - HIT in support of a value health strategy
 - Increased education of individuals and small group markets

GOAL # 2

BUSINESS PLAN WORK GROUP

GOALS AND EMERGING RECOMMENDATIONS

Establish qualifying criteria for plans to be offered in the Exchange that promote a value health strategy over the long term.

Rationale:

- The Exchange has the potential to offer more than 200,000 new Connecticut consumers access to health insurance; the Exchange can leverage its position to drive value and innovation
- Connecticut is one of 14 states developing an exchange; opportunity to exercise/demonstrate leadership nationally and position our state for investment by federal government and business we seek to stimulate
- New entrants that focus on value would provide competition in the Connecticut insurance market dominated by a small number of insurers
- The Exchange needs to be committed to a long-term value-based approach to ultimately bend the cost curve and achieve sustainability. The move to a value approach may have to be phased in recognizing near term need for an adequate number of health plan choices in the Exchange

GOAL #2

THE EXCHANGE CAN PROMOTE A VALUE HEALTH STRATEGY

Supporting Strategies

Design and operate the Exchange as a business that is driven to serve the needs of individuals and small businesses as its primary purchasers

- Develop simple enrollment tools that allow easy access to qualified health plans while determining subsidy eligibility and maintaining quality controls
- Employ user-friendly communication capabilities to reach intended market segments (literacy, culturally and linguistically appropriate)

Design and operate the Exchange to ensure that health plans participating in the Exchange derive value

- Make it easy for health plans to participate and compete
- Lower administrative burden (facilitate enrollment and premium collection)

Phase in value based delivery system and payment innovations intentionally and systematically

- Work with providers, health systems and purchasers to achieve this goal

GOAL #3

BUSINESS PLAN WORK GROUP

GOALS AND EMERGING RECOMMENDATIONS

Address the gaps in access to affordable, quality care that will continue for certain groups, even with the implementation of the ACA.

Rationale:

- Estimated OOP costs in the Exchange will be an economic burden to individuals between 138 % and 200% FPL.

	One worker	Family with two workers and two children
BEST annual income for basic living expenses only	\$ 32,652	\$ 72,840
200% FPL	\$ 22,430	\$ 46,100
Estimated annual out-of-pocket costs in the Health Insurance Exchange	\$1,787-\$2,904	\$3,688-5,993

GOAL #3

ADDRESS THE GAPS IN ACCESS TO AFFORDABLE, QUALITY CARE

Rationale (cont'd)

- Legal residents of fewer than 5 years will be allowed to purchase coverage through the Exchange in 2014.
 - Adults in this group will continue not to be eligible for Medicaid
 - Some lower income legal residents will be eligible for federal premium subsidies offered in the Exchange but these subsidies will likely not be sufficient
- Undocumented residents are not eligible for coverage through the Exchange or through Medicaid
- Experience in Massachusetts Connector indicates that very small groups may not find the Exchange plan offerings affordable.
 - The Connector is now phasing in value driven reforms
- Premiums are likely to rise for many small businesses and individuals.
 - Mercer findings show that 47% of small groups and individuals (respectively) currently buy insurance that has an actuarial value below the minimum 60% actuarial value required by the ACA

To the extent any group is un- or under-insured, costs are shifted to everybody else.

GOAL #3

ADDRESS THE GAPS IN ACCESS TO AFFORDABLE, QUALITY CARE

Supporting strategies

Establish the commitment by all relevant stakeholders to ensure needs of the State's populations most at risk for being uninsured are being addressed

- Determine the feasibility of the Basic Health Program to address affordability and access for all Connecticut residents between 138% and 200% FPL
 - The Cabinet's work group should identify strategies for ensuring sustainability of subsidies
 - PA – 11-58 requires the Cabinet, in consultation with the CEO of the Exchange and other relevant stakeholders to make appropriate recommendations about the BHP
 - Identify risks and benefits of BHP
 - Identify alternatives for serving this population should BHP prove impractical
 - If BHP is enacted, leverage Medicaid's delivery system and payment reforms to advance a Value Health Strategy for the Basic Health Program – the healthier people stay, the more high-cost care can be avoided
- Strengthen the provider safety net with funding, expertise and coordination
 - Access programs, free clinics, community health centers
- Offer small groups and individuals sufficient choice of value-driven nonprofit and for-profit plan options within the Exchange and outside of it

GOAL #4

BUSINESS PLAN WORK GROUP

GOALS AND EMERGING RECOMMENDATIONS

Ensure a trusted and effective forum exists for public agencies and the private sector to focus on identifying solutions and innovations in health care.

Rationale:

- Efforts at a value health strategy are underway in public and private sectors, but insufficient for learning, coordination, collaboration and impact
- Information to measure outcomes, cost and quality is not readily available
 - All-payer Claims Database is on-point; mechanisms to build on such efforts are needed
 - Commercial insurers do not readily share claims experience data except for self-insured clients (not for small groups or individuals) and they are constrained by multiple, fragmented data systems
 - Medicaid & SEHP have limited data analysis resources
 - In both public and private spheres, there is very little clinical outcome data to correlate with claims data
 - There is no integration of data across public agencies addressing health
- Connecticut could accelerate the creation of a value-driven health system by leveraging its wealth of internal resources (academic institutions, provider organizations, large employers, health plans, CT Business Group on Health, State agencies and others)

GOAL #4

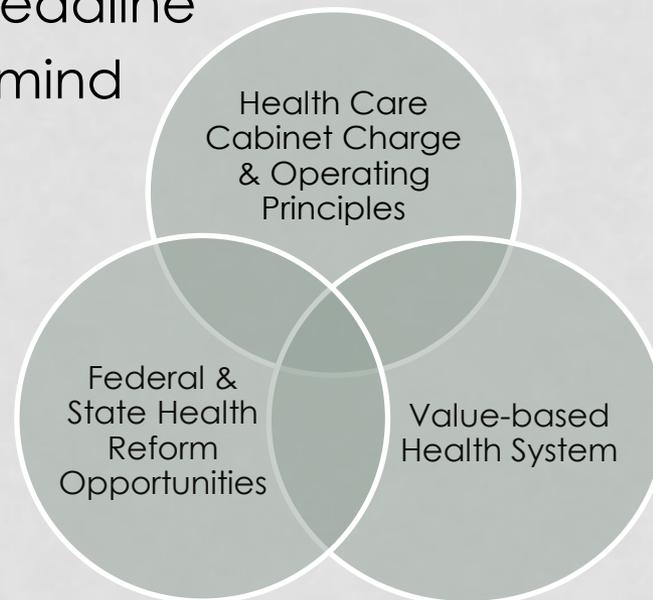
ENSURE A FORUM EXISTS FOR SOLUTIONS AND INNOVATIONS IN HEALTH CARE

Supporting Strategies

- Charge the Office of Health Reform and Innovation to perform this role effectively by providing it with the resources and leadership support, responsibility for and accountability to effectively:
 - Convene stakeholders
 - Ensure ongoing engagement of the stakeholders of a Value Health Strategy, including consumers/patients, providers/ hospitals, employers/payers, State agencies
 - Build and maintain broad and deep community stakeholder connections
 - Convene and facilitate all stakeholders needed to establish population level health results and metrics
 - Monitor and evaluate results including outcomes, access, equity and cost
 - Continuously update understanding of who is uninsured and underinsured and why
 - Track innovation within Connecticut and facilitate measures to promote acceleration
 - Collect and disseminate best practices to all stakeholders; host a learning community
 - Pursue and leverage all governmental, private and philanthropic funding opportunities
 - Achieve integration of initiatives and data to better serve Connecticut residents

DISCUSSION AND NEXT STEPS

- Input from Cabinet
- Meet with other co-chairs
- Refine recommendations in light of new information & feedback
- Prepare for October report deadline
- Continue to keep context in mind



Thank you!