

# **Working Group To Study Payments By Insurance Companies For Deposit Into The Insurance Fund**

## **MEETING MINUTES**

Wednesday, September 18, 2024

10:00 AM in Room 2B of the LOB and Zoom and YouTube Live

The meeting was called to order at 10:05 AM by Chairman, Representative Wood.

### The following committee members were present:

Representative Wood, Senator Osten, Representative Walker, Representative Nuccio, Susan Halpin, Jim Carson, Wyatt Bosworth, Eric George

### Absent were:

Senator Cabrera, Senator Berthel, Representative Pavalock-D'amato, Senator Hwang

Chairwoman Wood convened the meeting at 10:05 AM with opening remarks. She announced that a separate meeting would be required for the Immunization Fund, which will include presentations from OPM, DSS, and DPH. She then introduced the presenters:

- OPM: Yvonne Addo
- OHS: Kim Martone, Attallah Roundtree, Boyd Jackson, and Cindy Dubuque-Gallo
- OHA: Sean King, Acting Health Care Advocate

Ms. Addo began by noting that OPM had submitted its written testimony regarding the Insurance Fund budget, which is approximately \$646,000 for Fiscal Year (FY) 2025 and supports three positions at OPM. She explained that these positions are linked to the insurance industry and healthcare. They support the CT Partnership for Long-term Care and help develop statewide policies for long-term care. The staff also assists the Tobacco and Health Trust Fund and various behavioral health policy and oversight committees.

OHS Chief of Staff, Kim Martone, introduced herself and began the department's presentation. Rep. Walker requested that presentations be sent at least one day in advance for members to review.

Ms. Martone outlined OHS's strategic workstreams, which include statewide health systems planning, healthcare benchmarks, health equity, health information technology, and research and data analysis. She emphasized the department's multidisciplinary teams, which work collaboratively on a variety of initiatives, programs, policies, and publications to advance OHS's mission. The department's key impacts include

controlling healthcare cost growth, improving healthcare quality, driving investment in primary care, building health equity, and improving population health.

She then reviewed the Insurance Fund's expenditures from FY 2019 to FY 2025. The Personal Services line has generally increased over time due to COLAs, with FY 2024 reflecting 13 staff positions.

Ms. Martone detailed the Other Expenses (OE) for FY 2024, explaining that \$9,270,268 (88% of the OE) is allocated to Health Information Technology. The Healthcare Benchmarks Initiative accounts for \$784,000 (8%), with smaller portions allocated to Health Equity (\$291,000) and operational expenses (\$129,000), bringing the OE total to \$10,476,844.

For Personal Services, which includes 13 positions, Ms. Martone broke down the expenses: \$342,000 (32%) for Health Information Technology, \$149,000 (14%) for the Healthcare Benchmarks Initiative, \$97,000 (9%) for Health Equity, \$66,000 (6%) for Certificate of Need, and \$421,000 (39%) for administration.

She also summarized the positions in the Insurance Fund over time. OHS was established in 2018, and several positions were transferred from other agencies, including DPH, DSS, OHA, and the Department of Insurance. Although the FY 2024-2025 budget reflects 13 positions, four of them are unrealized policy goals that will be returned through a technical adjustment.

Ms. Martone highlighted OHS's workstreams and their impact on the Insurance Fund, focusing on cost reduction, improving access and equity, and addressing disparities. She noted that 80% of the Insurance Fund supports health information exchange (HIE), enabling real-time, secure access to patient health data from 2,900 organizations with 347,000 weekly encounters. Adding behavioral health providers has reduced costs associated with preventable readmissions, duplicative testing, and medical errors.

Ms. Martone also mentioned the Health Information Technology Advisory Council (HITAC), which provides policy recommendations for the HIE and other HIT initiatives, and subcommittees related to health insurance exchange regulations and recommendations.

Next, she described OHS's Healthcare Benchmarks Initiative. As mandated by state law, OHS sets annual benchmarks for healthcare cost growth, primary care spending, and quality, and develops strategies with stakeholders to meet these goals. OHS also monitors ACOs, PCMHs, and alternative payment models, supports public and population health analytics, and works to enhance transparency around \$36.4 billion in total health expenditures. They are also developing a data dashboard to publicly share information on healthcare cost growth, hospital prices, and prescription drug prices.

Ms. Martone concluded by highlighting the Healthcare Quality Benchmark. OHS produced its first report this year, showing payer performance improvements.

Sean King, the Acting Healthcare Advocate, presented on OHA's role as Connecticut's managed care ombudsman program. He reported that in FY 2024, the department spent \$3.2 million, mostly on salaries and benefits, which totaled \$2.9 million. OHA also leases office space for approximately \$100,000 annually, with the remainder of its budget covering utilities, IT services, and a small marketing and outreach budget to

connect with as many residents as possible. The department staffs 18 positions, including advocate attorneys, paralegals, nurse consultants, and consumer information representatives. In FY 2024, OHA helped return \$5.3 million to consumers through overturned insurance denials. While there is no metric to track potential cost savings, OHA staff handled 5,600 cases in the last year alone.

Chairwoman Wood then provided background on the Insurance Fund, explaining that it was established in 1991 to fund the operations of the Insurance Department. The fund now has three components: funding for state agency operations and staff, funding for various grant programs and private entities, and funding for statewide vaccine purchases. A fourth component, the Healthy Homes Fund, was added recently.

She asked OPM whether, during economic surpluses, it would make sense to shift the funding for certain grant programs from the Insurance Fund to the General Fund. OPM responded by explaining that the three positions funded by the Insurance Fund support the insurance industry in relation to long-term care. Chairwoman Wood clarified that she was asking in terms of OPM's role in budget oversight, particularly whether the history of the grant programs had ever led to discussions about moving them out of the Insurance Fund. Ms. Addo responded that she did not have an answer to that question.

Chairwoman Wood then inquired about the connection between the Tobacco Trust Fund and insurance. Ms. Addo explained that OPM provides administrative support, though it may not be directly related to insurance. Chairwoman Wood acknowledged that the positions are related to Health and Human Services but questioned their connection to insurance.

Finally, Chairwoman Wood directed questions to OHS, referring to Slide 2 of their presentation. She requested a high-level overview of how OHS is using Insurance Fund dollars to achieve its key impacts. Ms. Martone explained that both the healthcare benchmarks and the HIE initiatives contribute to all of OHS's key impacts. These initiatives, along with others, are crosscutting and directly influence insurers by setting benchmarks and targets, ultimately reducing costs. She elaborated that the HIE enables consumers to make informed healthcare decisions, promotes patient-centered care, reduces waste, supports clinical decision-making, keeps confidential information secure, and advances public health goals. Chairwoman Wood sought confirmation that 80% of the \$13.7 million allocated for HIE was being used as described, and Ms. Martone confirmed.

Chairwoman Wood inquired if OHS had a history of the Insurance Fund expenditures over time. Ms. Martone presented the expenses on the fourth slide, emphasizing the transfer of positions from the General Fund to the Insurance Fund, including the transfer of eight positions for the Health Information Exchange (HIE), which represented the largest increase in personal services that impacted additional expenses.

Chairwoman Wood raised a concern about the Behavioral Health Advocate (BHA) office, stating that it was created with good intentions but directly affects the Insurance Fund without having gone through the Insurance Committee. She questioned why the costs were placed on the already stressed fully insured market, rather than in the General Fund. Ms. Addo acknowledged she didn't have the specifics but noted that the legislature had approved the implementation. Chairwoman Wood emphasized that she had been vocal in her opposition, arguing that the costs should not be shifted to insurers and that they should be covered by the General Fund.

Senator Osten praised the Office of Healthcare Advocate (OHA), noting that her constituents have had positive experiences with the agency. She then turned to OHS, pointing out that while its primary goal is to reduce healthcare costs, concerns had arisen from a recent audit indicating a lack of oversight regarding agency funds. She observed that the agency's budget had grown significantly—from \$2.8 million in 2019 to \$13.7 million—and questioned how this aligned with its mission to lower healthcare costs. She also expressed disappointment in receiving OHS's presentation on the day of the meeting, without prior review from the Office of Fiscal Analysis (OFA), and suggested that some of the agency's expenses should revert to the General Fund to help reduce costs. Citing rising healthcare and property insurance costs, she urged OHS to provide clearer data on how it plans to cut costs and suggested returning with a revised presentation.

Representative Nuccio echoed Senator Osten's praise of OHA, highlighting its efficiency. With a \$3.2 million budget, OHA has demonstrated a savings of \$5 million for the state. She inquired about the number of cases the agency handled last year and whether there was a backlog. Advocate Sean King reported 5,677 cases in the previous year, an increase over prior years, but stated there was no significant backlog, with responses generally provided within 24-48 hours. Rep. Nuccio commended the department for its swift turnaround and emphasized that OHA's spending reflects a good return on investment.

Rep. Nuccio also questioned OPM about the positions related to the CT Partnership Plan, noting that it's not an insurance plan but rather a state benefits plan, and asked why taxpayers are paying for it. Ms. Addo clarified that the CT Partnership and Long-Term Care Coordinator position is driving a cost savings of \$131 million. Rep. Nuccio asked if the CT Partnership and Long-Term Care Coordinator are separate entities, to which Ms. Addo confirmed they are not.

Rep. Nuccio then addressed the misalignment between the Tobacco Fund and the Insurance Fund, stating that the underlying policy belongs under the General Fund, not the Insurance Fund. Zani Imetovski from OPM explained that the Tobacco Fund is intended to reduce health insurance costs. However, Rep. Nuccio disagreed, pointing out that this has not been proven in the past 30 years, with only a few exceptions. She reiterated that the Tobacco Fund should not be included in the Insurance Fund.

Rep. Nuccio also sought clarity on the Behavioral Health position within OPM. Ms. Addo explained that the position supports the Transforming Children's Behavioral Health Policy and Planning Committee (TCB) and the Children's Mental and Emotional Behavioral Health Advisory Committee. Rep. Nuccio maintained that this role is more aligned with policy work and does not correlate with reducing insurance costs, and thus, it should not increase premiums for fully insured individuals.

Addressing OHS directly, Rep. Nuccio expressed concern over the agency's staffing costs, which have nearly tripled since 2018. She noted that 39% of OHS's budget is administrative and questioned whether this spending is effectively reducing healthcare costs. She specifically requested data showing the return on investment (ROI) from increasing primary care physician salaries. She also questioned the 32% allocation for HIE, asking what the benefit was. Ms. Martone responded that 80% of the Insurance Fund's use relates to Connie, the HIE. Rep. Nuccio requested a clearer breakdown of the expenses, as the information presented was confusing.

Representative Walker added that OHS's IT services should be handled by DAS rather than included in the Insurance Fund budget. She expressed confusion over the roles of DPH and OHS, noting potential overlap between the two agencies. She asked for a deeper explanation of how OHS works with DPH and how funding flows between the agencies, to avoid duplicating efforts. She stated that understanding this distinction before the meeting would have been helpful.

Susan Halpin made a general comment, acknowledging that the Insurance Fund is funded through four different formulas, as Chairwoman Wood had mentioned. Halpin explained that 79% of the state agency's portion of the Insurance Fund comes from health and accident policies, while 21% comes from other insurers. If the other insurers were excluded, health and accident policies would bear an additional \$3.5 million burden. She pointed out that only fully insured members are being assessed for these funds, representing a small portion of the population that is disproportionately affected. Halpin then asked OHA if it handles behavioral health (BH) issues, to which Sean King responded that while OHA deals with BH concerns for plan members, the BHA handles disputes between BH offices and insurance providers.

Halpin also addressed OHS, asking about its General Fund allocations. Ms. Martone confirmed that OHS receives \$17 million from various sources, including hospital assessments. Halpin inquired how much of the budget was covered by these assessments, and Ms. Martone answered \$4 million. Halpin also asked where major contracts, such as those with Mathematica and Ballot Health, were reflected in the budget, to which Ms. Martone explained that the contracts are part of a \$784,000 line item. Halpin then questioned the status of the SIM program and its associated positions, which Ms. Martone confirmed had been repurposed following the grant's conclusion.

Eric George made a general comment, supporting the work of OHS and noting its value to the entire state. However, he argued that its expenses should be covered by the General Fund, as shifting the burden to a small fraction of the population only increases insurance premiums. He expressed frustration that expenses unrelated to the products sold by insurers are being placed in the Insurance Fund, urging policymakers to consider how their decisions impact insurance costs.

In closing, Chairwoman Wood reiterated that the working group's aim is to be responsible in funding decisions, particularly regarding the Insurance Fund. She thanked the presenters and members for their efforts. Susan Halpin requested that the next meeting also cover other public health programs funded by the Insurance Fund, including immunization services.

The meeting concluded without announcing a date for the next session due to scheduling conflicts.

The meeting was adjourned at 11:21 PM.

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Taylor Aitken  
Committee Clerk