

HealthFirst Connecticut Authority

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Meeting Summary

Wednesday, November 14, 2007

9:00 AM in Room 1D of the LOB

The Following Members were present: Lieutenant Governor Michael Fedeale, Comptroller Nancy Wyman, Margaret Flinter, Brian Grissler, Mickey Herbert, Sharon Langer, Sal Luciano, Tom Swan, Lenny Winkler and Kevin Lembo.

Also present were: Senator Mary Ann Handley, Martha Judd and Natasha Pierre.

The following members were absent: Commissioner Mike Starkowski, Louis Lista, Teresa Younger, Fernando Betancourt, Frank Sykes.

Margaret Flinter welcomed everyone and stated the Authority will:

- Examine and evaluate policy alternatives for providing quality, affordable, and sustainable health care for all individuals residing in the state of Connecticut, including but not limited to a state-wide single payer health care system and employer sponsored health care plans.
- Make recommendations for mechanisms to contain the cost and improve the quality of health care through, including but not limited to health information technology, disease management, and other initiatives.
- Examine monitoring and reporting of the cost, the quality, and utilization of care, assessment of consumer and provider satisfaction, and measures to encourage and require the provision of health care coverage to certain groups through participation and insurance pooling.
- Make recommendations regarding the financing of quality, affordable, health care coverage for individuals residing in the state of Connecticut, including the maximization of federal funds to provide subsidies for health care contributions from employers, employees and individuals and methods for financing the state's share of the cost of such coverage.

- The attributes of the health care system should be safe, effective, timely, efficient, equitable, patient centered, universal, continuous, affordable, and sustainable for society and should enhance health and well being by promoting access to high quality care.

The meeting summary of October 17th were approved.

Tom Swan announced that Ellen Andrews from the CT Health Policy Project has put together a presentation to help the HealthFirst Connecticut Authority understand the uninsured, who the uninsured are, what the scope of the problem in Connecticut is as well as some of the Connecticut's efforts to address the problem.

Ellen Andrews stated:

- In 2004 Connecticut's health care system spent \$6,344 per person and while New England state average is \$6,409, which is not as good as the rest of the United States, where a little over \$5000 is spent per year.
- Connecticut spent twelve cents out of every dollar on health care which is better than the New England average at fourteen cents and the United States which is a little over thirteen cents.
- Connecticut's insurance premiums grew nineteen times faster than manufacturing hourly wages from 2001 to 2005 that far outpaces workers ability to afford health care coverage.
- Health care services employed one out of every eight Connecticut workers. From 2001 to 2006, 44,902 fewer Connecticut residents had employer sponsored insurance. During those years the percentage of Connecticut employers who offered insurance dropped by 5%. During those years, HUSKY enrollment grew by 30%.
- Connecticut is ranked first in the nation in health care spending on nursing homes, and Connecticut hospitals have the second worse nursing shortage in the country. Those are significant cost drivers here in Connecticut.
- One of the reasons health care is so expensive is that one out of nine of Connecticut residents doesn't have health care and we are also getting sicker. The rising prevalence of the top five medical conditions account for almost a third of the rising cost of health care. When people lead generally unhealthy lifestyles, smoke, or don't get exercise, it can cost the rest of us money.
- Administrative costs including profit have grown 65% faster than the rest of healthcare overall.
- Medical malpractice only accounts for 46 percent of every healthcare dollar. We have approximately 314,000 residents that buy care individually.
- Medicaid covers about 406,000, and Medicare covers almost 500,000 and there are about 325,000 uninsured.
- HUSKY is the largest purchasing pool in Connecticut.

- Two out of three Connecticut's adults uninsured are workers. Most have family incomes between \$12,000 and \$45,000 a year. They tend to be single, young adults. Most don't have a college degree and Hispanics are more than three times as likely to be uninsured.
- Income is the most closely correlated demographic with a lack of insurance.
- Connecticut's uninsured are ten times less likely to get care for an injury, and seven times less likely to get care for a medical emergency.
- While the uninsured receive half as much medical care as everyone else, they pay far more out of pocket.
- There are more uninsured in Connecticut than population of Bridgeport, New Haven, Middletown and Norwich combined.

Lieutenant Governor Michael Fedele thanked Ellen Andrews for her presentation and asked if the data on the 325,000 uninsured in Connecticut was broken up by county, congressional district, and urban areas.

Ellen Andrews replied that it had not been.

Lieutenant Governor Michael Fedele asked for Ellen Andrews' thoughts on HUSKY as a program.

Ellen Andrews replied it was a phenomenal program and without it 325,000 people would probably be uninsured.

Lieutenant Governor Michael Fedele asked why the 325,000 people who were not covered by insurance were in the HUSKY program.

Ellen Andrews responded that you must be categorically eligible for the HUSKY program and most of the uninsured are young adults over age 18, they just are not eligible for HUSKY.

Mickey Herbert commented that for health insurers the administrative costs are more like 15%, which is less than the 31% suggested earlier and that this figure includes a lot of value added services such as taxes and regulatory costs. He stated that the number of uninsured is probably closer to 8.5% as opposed to the 11% mentioned earlier.

Mickey Herbert reported that the uninsured rate in the United States is 15 or 16 percent and that in Connecticut we have one of the highest rates of people covered by employer sponsored insurance. He stated that over 80% of those people are content with the insurance they have.

Mickey Herbert stated that some plans have premiums as low as \$200 a month. He added that there are 22,000 people in the state who work in the health insurance field directly and another 15,000 who are indirectly involved in the health insurance industry and that it puts us with the highest percentage of health insurance workers in the country.

Ellen Andrews responded that the administrative costs on providers are a significant cost and it is growing. She added that Connecticut have a lower uninsured numbers than others states and that is why it should be manageable to cover the uninsured in Connecticut. She stated that the \$200 a month premiums that Mickey Herbert mentioned may sound reasonable but it still is a large amount of money for some people making \$12,000 to \$45,000 a year.

Senator Handley informed the group there is a significant number of people in their 50's and early 60's who are not yet eligible for Medicare who may have had insurance when they were working but no longer have their job. She asked if there is any sense of the number of that demographic of people.

Ellen Andrews answered that there are not state data but she could get national data for that demographic. She stated that is a more proximate problem because they will be spending far more on premiums than others might.

Sal Luciano asked for an explanation of the bankruptcies filed due to high medical bills, and stated that he found it interesting that 75% of those people who filed for bankruptcy actually had health insurance.

Ellen Andrews attributed this to inadequate insurance or high deductibles that they couldn't afford, and the possibility that the illness the person acquired caused that person to lose their job. She noted that at this point, even with health insurance the financial burden could be too great to bear.

Kevin Lembo asked about the difference in premiums between HUSKY and the private market, and how the Department of Social Services is able to maintain such a low premium.

Ellen Andrews stated that the low premium is due to the size of the program and that price is driven down because of economies of scale. She added that people on the HUSKY program are generally women and children and that tends to be a healthier population.

Lenny Winkler stated that there is not enough data on the under-insured, and asked if there was any data on the under-insured in Connecticut.

Ellen Andrews replied that it is hard to determine exactly what the term "under-insured," actually means. However, there are probably at least as many under-insured regardless of the definition you use, as there are uninsured.

Lenny Winkler added that the military is another group that is not frequently mentioned and they are a group that should be included in the study. She added that the military are dependents and they are active in our health care system.

Sharon Langer agreed with Mickey Herbert that the health care problems in Connecticut are manageable and that there has been a lot of support for employer sponsored health plans but it is important to remember that the employers around the state may not agree.

Brian Grissler asked for data confirming that the uninsured pay the highest prices for their care. He added that there has been a lot of work done nationally as well as in Connecticut within organizations who have made significant advances.

Ellen Andrews stated she could not offer data showing that business institutions have made significant changes and that there are volumes of data on hospitals and the improvement they have made.

Brian Grissler also asked for additional information regarding the statement that taxpayers pay 80% to 85% of the care for the uninsured.

Ellen Andrews informed Brian Grissler that the information came from the Institute of Medicine (IOM) studies.

Comptroller Nancy Wyman asked if there were any studies that deal with the fact that corporations are dropping their employees from post employment health care, and who is picking up that health care cost. She stated that we need to look at the numbers of the baby boomers as there are a million of them in this state.

Ellen Andrews stated there are many good studies that attempt to make that projection and that companies are moving away from covering retirees.

Margaret Flinter suggested that the Health First Authority keep behavioral health and substance abuse in mind as they move forward. She also expressed the needs to look closely at the 19 to 29 age group and the high cost associated with those groups, undocumented workers and people with diseases that keep them from maintaining steady jobs.

Mickey Herbert stated that the underinsured are clearly an issue and there also may be an issue with the over-ensured. He offered his support of an objective study of the costs of all of these mandates because they surely drive up the costs. He stated that the 31% administrative cost was not an accurate number and felt it was used to apply to health insurers when it actually does not.

Tom Swan thanked Ellen for identifying points of interest such as the way the health care dollar is spent and who the uninsured are. Tom brought up the idea of workgroups as a way of doing the Authority's work between meetings. Tom asked for recommendations for individuals to serve on the two work groups the Authority will create: 1.) Cost Containment and Financing, and 2.) Access Quality and Safety.

Sal Luciano stated that the blue ribbon reports from others states almost unanimously supported several changes to the healthcare system: data systems or E-records, prevention and behavioral health, managing chronic care, increased access for children, simplifying procedures and claims.

Mickey Herbert suggested personal responsibility and healthy lifestyles should be included as a way to drive down costs.

Margaret Flinter stated that members of the Authority will be approached individually to determine their preference for serving on the workgroups and that there will be an effort to include others from around the states to help make the group more representative of the state.

Lenny Winkler stated that education needs to be part of that reform.

Margaret Flinter stated that the time between this meeting and June will be used simultaneously for the workgroups to do their work and for presentations to be scheduled as this will allow for the collection of data to enable the Authority to compile a final report.

Tom Swan stated that discussions with potential facilitators of the HealthFirst Connecticut Authority have already begun and that it is the intent of the Authority to invite Connecticut Health Insurance Policy Council, and Stan Dorn from the Urban Institute to attend the next meeting.

Margaret Flinter stated that institutional providers of care, including the hospitals, outpatient clinics, community health centers, behavioral health providers, and other institutions that are part of our delivery system will be invited to future meetings. She also noted interest with bringing in speakers who could contribute to our understanding of the analysis of the uninsured and the underinsured in terms of what we are spending and where we are spending it. She added that we will also have presentations from our state programs, business and labor perspective and the providers' perspective.

The meeting adjourned at 10:38 AM.