



Connecticut SB 310

Public Act Clarifying the Sale of Special Health Care Plans for Small Employers

Sanford B. Herman, FSA, MAAA
Health Net

Actuaries Club of Hartford & Springfield
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Connecticut SB310 Public Act No. 08-33

- w** An act clarifying the sale of Special Health Care Plans for small employers
- w** FOCUS: Increase access & affordability to small employers with majority of workers below 300% of federal poverty level

Connecticut SB310

Public Act No. 08-33

Vehicle Used: Special Health Care Plans design concept

1. Utilized for short period in Connecticut Small Group market in early 1990s
2. Ongoing plan offering for individuals by Connecticut Health Reinsurance Association (CT HRA)
3. For Low Income individuals, health care providers must accept 75% of the Medicare Reimbursement as payment in full – statutory requirement for Connecticut providers

How the Special Health Care Plan Works

Benefit Amount

This plan will pay 75% of the Medicare Reimbursement Level (established for medical services) after the covered person pays the calendar year deductible. The Medicare Reimbursement Level is based on the amount that could be paid under the Federal Medicare Program.

For low-income individuals, health care providers in Connecticut must accept 75% of the Medicare Reimbursement Level as full payment. No balance can be billed to the covered person above the 75% benefit payment. The covered person is responsible for the payment of the calendar year deductible; only those expenses up to 75% of the Medicare Reimbursement Level of Covered Medical Expenses will be used toward satisfying the deductible.

Calendar Year Deductible

Low-Income
Non-Low Income

Individual

\$200
\$500

Family

\$400
\$1000

Only those expenses up to 75% of the Medicare Reimbursement Level of Covered Medical Expenses will be used toward satisfying the deductible.

How The Special Health Care Plan Works

Out-Of-Pocket Maximum	Individual	Family
Applies to Non Low Income plan and Low Income outside of CT	\$2,500	\$5,000

Low - Income

1. Calendar Year Deductible
2. Out of Connecticut medical expenses above the benefit amount paid by the Special Health Care Plan, and less than the Usual & Customary Charge*, will be applied to the Out-Of-Pocket Maximum.

Non-Low Income

1. Calendar Year Deductible
2. Amount Paid by the covered person that is the difference between the Usual & Customary Charge*, and the benefit amount paid by the Special Health Care Plan.

*The Usual & Customary Charge is the usual charge made for services or supplies for individuals with similar medical conditions, living in the same area.

How The Special Health Care Plan Works

Reimbursement Example	Low-Income	Non-Low Income
1. Amount Billed by Medical Provider	\$1000	\$1000
2. Usual and Customary Charge	\$900	\$900
3. Medicare Reimbursement Level	\$800	\$800
4. 75% of Medicare Reimbursement Level	\$600	\$600
5. Calendar Year Deductible	\$200	\$500
6. Benefit Level	\$400	\$100
Line 4 minus Line 5		
7. Applied to Out of Pocket	\$200**	\$ 800*

*Represents Usual & Customary amount minus the Benefit amount

** N/A in state, Out of State – Non Low Income Benefit Levels apply



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W Special Health Care Plan approach to counting and accumulating “out of pocket” expenses results in “interesting” premium rate relationships

2009 HRA Plan Rates

Monthly Premium Rates Per Individual

Special Low Income – Individual Plan

Attained Age	Male	Female	One Child	Children
< 30	\$207.35	\$403.54	\$201.92	\$405.08
30 – 39	\$263.38	\$420.95		
40 – 49	\$364.62	\$453.90		
50 – 59	\$611.72	\$587.58		
60 – 64	\$900.61	\$762.92		

Special Non-Low Income – Individual Plan

Attained Age	Male	Female	One Child	Children
<30	\$592.07	\$1,152.26	\$576.58	\$1,156.65
30 – 39	\$752.06	\$1,201.98		
40 - 49	\$1,041.14	\$1,296.06		
50 – 59	\$1,746.69	\$1,677.78		
60 – 64	\$2,571.61	\$2,178.44		

Provisions of SB 310

- w Available to small employers with no previous group coverage for employees at any time in prior 12 month period
- w Majority of employees “Low Income” (<300% of Federal Poverty Level)
- w Limited to 3 years of coverage under Special Health Care Plan
- w Plan design to be jointly developed by CSEHRP (Connecticut Small Employer Health Reinsurance Pool) board for use by CT HRA
- w Pricing for this coverage to be on a “no loss no gain” basis – carry over from Public Act 07-185 (effective 7/1/07):

“In establishing premium rates the board of directors of the Health Reinsurance Association shall administer special health care plans issued to small employers without gain or loss.”

Connecticut HRA

What is HRA?

- w HRA is a non-profit association comprised of all private insurance companies and HMOs that provide health insurance in Connecticut
- w Established by legislation in 1970s as one of the earliest high risk pools
- w Also a vehicle for temporary conversion coverage
- w State – certified HIPAA entity to provide required guarantee issue portability individual plans

Connecticut HRA

Why use HRA on this?

- w** Solution to potential HIPAA issues, e.g., guaranteed renewability provision
- w** Prior version of law required carriers to issue the Special Health Care Plans – led to Insurance Department concerns

Implementation Issues

- W** Plan Design
- W** Pre – X
 - n Pricing considerations / affordability
 - n Need to acquire underwriting expertise
 - n Legal restrictions on “post-claim underwriting”
- W** Underwriting Rules / Standards (Tentative Decisions)
 - n Minimum Employer Contribution (50% of single rate)
 - n Minimum Participation & Measurement Methodology (75% of “Eligible Employees” --- excludes valid waivers)
- W** “No Loss No Gain” Pricing
 - n Allowable pricing methodology
 - n How to handle risk of early financial losses
- W** Communications Program – Pool Administrators Inc.
- W** Broker Compensation & Licensing

Questions?



Thank you!

CT Health Insurance – Changes to the HUSKY Program



Discussion Points

- Evolution of HUSKY program over the last 18 months
 - MCO Changes/FOIA
 - Recession/State Budget Crisis – potential impacts
 - Membership Trends
- Covering the Uninsured – Charter Oak
 - Program Highlights
 - Enrollment
 - Challenges

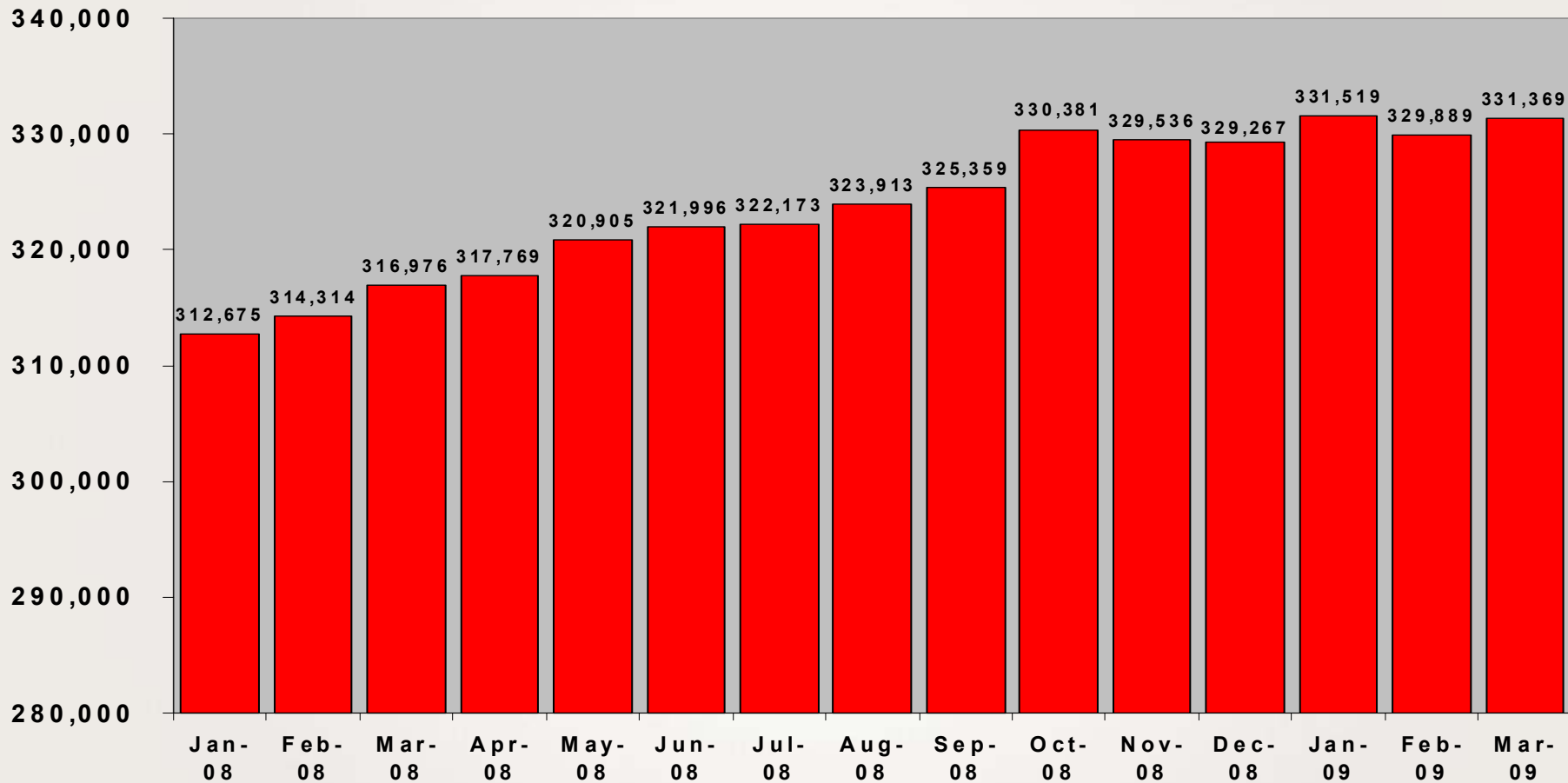
Evolution of the Husky Program

- HUSKY program started in 1995
- 11 MCO's involved in the Program
- Reduced to 4 MCO's in 2006
- Significant pressure from advocate regarding member access and affordability
- State response was to require freedom of information for all MCO's
- Resulted in 3 MCO's exiting the program,
- RFP for new program with FOIA included in contract
- New Contracts awarded to 3 MCO's on June 30, 2008

Recession/Budget Crisis

- Impact on access, affordability and actuarial soundness
 - Pressure on MCO rates increases
 - Pressure on provider rates (see appendix for comparison)
 - Growth in the population
 - Shift in member demographics
 - Proposed changes to medical necessity definition, Co-pays, Deductibles, etc.

HUSKY A Enrollment Growth by Month (Previous 15 Months)



Charter Oak – Program Description

- Low cost option for uninsured
- Eligibility
 - Income based
 - Family size
 - No exclusion for pre-existing conditions
- Restrictions
 - No existing insurance coverage
 - Enrollee cannot have been covered by Health insurance during the past six months
 - May apply for exceptions
 - Age out of Husky
 - Financial hardship
 - Job loss

Charter Oak – Program description

Benefit

Medical Benefit Features	Coverage
Premium	\$75-\$259*
Deductible	Varies*
Primary Care Office Visit	\$25 co-pay
Specialist Office Visit	\$35 co-pay
Preventive Care Office Visits	100% coverage, no co-pay
Emergency Room Visit	\$100 (waived if emergency)
Prescription Medication	Three-tiered co-pay as low as \$10, \$7,500 annual benefit limit
Durable Medical Equipment	\$4,000, no co-pay
Behavioral Health Services	\$35/\$25 co-pay (Please see the Charter Oak Behavioral Health website for details on co-pays)
Outpatient Rehabilitation	\$35 co-pay, 30 visits per year
Maternity Pre – and Post – Natal Care	100% covered
Inpatient Rehabilitation/Skilled Nursing	14 days per year, 80% covered after deductible met
Inpatient Hospital Visits	90% covered after deductible met
Outpatient Surgical	80% covered after deductible met
Lifetime Benefit Maximum	\$1 million
Annual Benefit Maximum	\$100,000

Charter Oak – Program Description

Family Size

Family Size							
1	2	3	4	5	6	Charter Oak Premium	Charter Oak Deductible *
Under \$16,245	Under \$21,855	Under \$27,465	Under \$33,075	Under \$38,685	Under \$44,295	\$75/mo	\$150 Ind. \$300 Family
\$16,245 - \$20,035	\$21,855- \$26,954	\$27,465 - \$33,873	\$33,075 – \$40,792	\$38,685 – \$47,711	\$44,295 – \$54,630.	\$100/mo	\$200 Ind. \$350 Family
\$20,035 – 25,450	\$26,954 - \$34,239	\$33,873 – \$43,028	\$40,792 – \$51,817	\$47,711 – \$60,606	\$54,630 – \$69,395	\$175/mo	\$400 Ind. \$600 Family
\$25,450 - \$32,490	\$34,239 – \$43,710	\$43,028 – \$54,930	\$51,817 – \$66,150	\$60,606 – \$77,370	\$69,395 – \$88,590	\$200/mo	\$750 Ind. \$1400 Family
Over \$32,490	Over \$43,710	Over \$54,930	Over \$66,150	Over \$77,370	Over \$88,590	\$259/mo max.	\$900 Ind. \$1750 Family

Charter Oak Enrollment By Plan By Band As of 03/01/2009

Health Plan	Premium Bands					Total
	01	02	03	04	05	
Aetna Better Health	1,264	413	605	489	217	2,988
AmeriChoice By United Healthcare	347	105	149	113	56	770
Community Health Network	737	233	540	322	130	1,962
Total Enrollment by Premium Band	2,348	751	1,294	924	403	5,720

AmeriChoice
by UnitedHealthcare

Appendices

**Physician Fee Schedule Analysis Medicaid vs Medicare
100% of Medicaid vs. 100% of Medicare**

	2003 - Kaiser				2008 - Urban Institute				2003 - 2008 % change			
	All Services	Primary Care	OB / GYN	All Other	All Services	Primary Care	OB / GYN	All Other	All Services	Primary Care	OB / GYN	All Other
Arizona	106%	101%	117%	105%	106%	97%	128%	103%	0%	-4%	9%	-2%
Nebraska	95%	78%	94%	141%	101%	82%	119%	124%	6%	5%	27%	-12%
Delaware	101%	100%	102%	100%	100%	100%	100%	99%	-1%	0%	-2%	-1%
South Carolina	89%	75%	160%	76%	93%	86%	175%	86%	4%	15%	9%	13%
Maryland	80%	76%	103%	72%	87%	82%	109%	82%	9%	8%	6%	14%
Mississippi	91%	90%	85%	99%	87%	84%	98%	89%	-4%	-7%	15%	-10%
Wisconsin	87%	73%	101%	105%	85%	67%	104%	105%	-2%	-8%	3%	0%
Texas	69%	62%	82%	82%	74%	68%	87%	83%	7%	10%	6%	1%
Pennsylvania	52%	43%	90%	61%	73%	62%	173%	51%	40%	44%	92%	-16%
Florida	65%	60%	82%	58%	63%	55%	99%	59%	-3%	-8%	21%	2%
Michigan	62%	63%	60%	60%	63%	59%	76%	55%	2%	-6%	27%	-8%
New York	45%	40%	65%	31%	43%	36%	67%	31%	-4%	-10%	3%	0%
Rhode Island	42%	34%	50%	50%	42%	36%	49%	47%	0%	6%	-2%	-6%
New Jersey	35%	34%	31%	43%	37%	41%	30%	37%	6%	21%	-3%	-14%

Urban Institute 2008 Medicaid Physician Survey

100% of Medicaid vs 100% of Medicare

	All Services	Primary Care	OB / GYN	All Other
United States	72%	66%	93%	72%
NorthEast Market				
Delaware	100%	100%	100%	99%
West Virginia	85%	77%	124%	77%
Connecticut	99%	78%	174%	59%
Vermont	95%	91%	103%	93%
Maryland	87%	82%	109%	82%
Massachusetts	88%	78%	116%	79%
Virginia	90%	88%	102%	81%
New Hampshire	73%	67%	97%	57%
Maine	63%	53%	84%	66%
District of Columbia	58%	47%	91%	45%
Pennsylvania	73%	62%	173%	51%
New York	43%	36%	67%	31%
Rhode Island	42%	36%	49%	47%
New Jersey	37%	41%	30%	37%
NorthEast Average	74%	67%	101%	65%
SouthEast Market				
North Carolina	95%	95%	95%	95%
Arkansas	89%	78%	89%	117%
Mississippi	87%	84%	98%	89%
Alabama	89%	78%	121%	75%
South Carolina	93%	86%	175%	86%
South Dakota	95%	85%	109%	105%
Georgia	90%	86%	100%	86%
Louisiana	92%	90%	95%	94%
Florida	63%	55%	99%	59%
Tennessee	N/A	N/A	N/A	N/A
SouthEast Average	88%	82%	109%	90%

	All Services	Primary Care	OB / GYN	All Other
United States	72%	66%	93%	72%
Central Market				
Iowa	96%	89%	108%	99%
Nebraska	101%	82%	119%	124%
North Dakota	102%	101%	103%	102%
Wisconsin	85%	67%	104%	105%
Minnesota	76%	58%	84%	111%
Kentucky	86%	80%	114%	79%
Kansas	93%	94%	93%	92%
Oklahoma	100%	100%	100%	100%
Texas	74%	68%	87%	83%
Indiana	69%	61%	93%	74%
Ohio	69%	66%	84%	65%
Illinois	63%	57%	82%	64%
Michigan	63%	59%	76%	55%
Missouri	72%	65%	77%	80%
Central Average	82%	75%	95%	88%
West Market				
Alaska	140%	140%	141%	138%
Arizona	106%	97%	128%	103%
Wyoming	143%	117%	213%	123%
Nevada	104%	93%	128%	103%
New Mexico	107%	98%	126%	107%
Idaho	103%	103%	103%	102%
Washington	93%	92%	121%	62%
Montana	103%	96%	119%	101%
Oregon	90%	78%	126%	78%
Colorado	86%	87%	89%	80%
Hawaii	73%	64%	86%	76%
Utah	82%	76%	97%	77%
California	56%	47%	64%	69%
West Average	99%	91%	119%	94%

The Urban Institute 2008 Medicaid Physician Survey
Medicaid-to-Medicare Fee Index, 2008

Kaiser Family Foundation (2003)

100% of Medicaid vs 100% of Medicare

	All Services	Primary Care	OB / GYN	All Other
United States	69 %	62 %	84 %	73 %
North East Market				
Delaware	101 %	100 %	102 %	100 %
West Virginia	88 %	82 %	119 %	83 %
Connecticut	83 %	74 %	116 %	62 %
Vermont	83 %	64 %	114 %	93 %
Maryland	80 %	76 %	103 %	72 %
Massachusetts	80 %	72 %	98 %	75 %
Virginia	77 %	73 %	84 %	77 %
New Hampshire	72 %	67 %	96 %	54 %
Maine	65 %	54 %	84 %	71 %
District of Columbia	52 %	35 %	94 %	41 %
Pennsylvania	52 %	43 %	90 %	61 %
New York	45 %	40 %	65 %	31 %
Rhode Island	42 %	34 %	50 %	50 %
New Jersey	35 %	34 %	31 %	43 %
North East Average	68 %	61 %	89 %	65 %
South East Market				
North Carolina	97 %	96 %	101 %	96 %
Arkansas	95 %	96 %	78 %	115 %
Mississippi	91 %	90 %	85 %	99 %
Alabama	90 %	82 %	119 %	75 %
South Carolina	89 %	75 %	160 %	76 %
South Dakota	83 %	68 %	88 %	113 %
Georgia	81 %	68 %	100 %	91 %
Louisiana	73 %	70 %	89 %	75 %
Florida	65 %	60 %	82 %	58 %
Tennessee	n/a	n/a	n/a	n/a
South East Average	85 %	78 %	100 %	89 %

The Henry L Kaiser Family Foundation, State Health Facts.org
Medicaid-to-Medicare Fee Index, 2003

	All Services	Primary Care	OB / GYN	All Other
United States	69 %	62 %	84 %	73 %
Central Market				
Iowa	97 %	94 %	101 %	100 %
Nebraska	95 %	78 %	94 %	141 %
North Dakota	91 %	90 %	94 %	91 %
Wisconsin	87 %	73 %	101 %	105 %
Minnesota	79 %	64 %	82 %	114 %
Kentucky	76 %	63 %	111 %	83 %
Kansas	75 %	63 %	92 %	86 %
Oklahoma	72 %	67 %	81 %	73 %
Texas	69 %	62 %	82 %	82 %
Indiana	68 %	60 %	77 %	79 %
Ohio	68 %	66 %	79 %	66 %
Illinois	63 %	54 %	84 %	68 %
Michigan	62 %	63 %	60 %	60 %
Missouri	56 %	50 %	71 %	56 %
Central Average	76 %	68 %	86 %	86 %
West Market				
Alaska	137 %	138 %	138 %	136 %
Arizona	106 %	101 %	117 %	105 %
Wyoming	103 %	96 %	107 %	112 %
Nevada	98 %	71 %	130 %	127 %
New Mexico	95 %	93 %	95 %	100 %
Idaho	92 %	89 %	99 %	93 %
Washington	87 %	79 %	122 %	64 %
Montana	86 %	75 %	97 %	100 %
Oregon	86 %	75 %	117 %	76 %
Colorado	74 %	68 %	86 %	75 %
Hawaii	74 %	71 %	79 %	76 %
Utah	73 %	66 %	86 %	75 %
California	59 %	51 %	65 %	74 %
West Average	90 %	83 %	103 %	93 %