



UNIVERSAL  
HEALTH CARE  
FOUNDATION  
of CONNECTICUT

# Health Care Reform in Connecticut: Getting to the Crux of the Matter

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May 21, 2007

# What is universal health care?

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- Universal health care is high-quality health care that is affordable and available to all Connecticut residents.
  - Universal health care  $\neq$  single payer.



# Three questions I will try to answer

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- What is the Foundation trying to accomplish?
  - What should be in any bill passed in CT?
  - How can reform be implemented?



# Universal Health Care Foundation of Connecticut: Who we are

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- Nonprofit philanthropic foundation
  - incorporated in 2000
  - 300 conversion foundations in US
  - \$50m asset base; \$2.5 million in grants
- Effective philanthropy: Committed to systemic change in health care



# Foundation's Goals

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- Get diverse stakeholders to examine the root causes of the problem
  - Employers, health care providers, consumers
- Elevate and amplify the discourse
- Build momentum for the legislature to enact reform consistent with IOM principles
- Commission research; carry out communications campaign; fund outreach, education and civic engagement on the issues
  - *Healthcare4every1 Campaign*



# The Institute of Medicine (IOM) principles offer a set of shared values.

- Universal – no one is left out.
- Continuous, portable – it goes with you regardless of marital or employment circumstance.
- Affordable, especially to low- and moderate-income families and individuals.
- Affordable and sustainable for the economy.
- Enhances health and well-being. Opens up access to high quality care --
  - effective, efficient, timely, patient-centered and equitable



# Input from stakeholders is clear. They want to see reform that --

- Meets the IOM principles
- Implements high value coverage strategy that is affordable and preserves choice
- Takes a comprehensive approach – tackle costs, quality and coverage simultaneously
  - Re-focus on the patient-physician relationship
  - Accountability – clear, comprehensive data about insurer and physician performance
  - Reduce/eliminate racial & ethnic disparities in health outcomes
  - Ensure primary care and prevention, personal responsibility (incentives, rewards & sanctions)
  - Control costs and increase comparability of provider reimbursement between private and public insurance
  - Guarantee a standard set of benefits based on actuarial value of benefits offered by average New England employers



# Purpose of the policy options

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- Show it *can* be done
- Get stakeholders understanding the issues and seriously discussing not *whether* but *how*
- Build public will
- Drive the development of an actual proposal



# UHCF commissioned micro- and macro-economic modeling for two approaches

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1. State of CT self-insures and residents under 65 enter the plan
2. A health insurance purchasing pool offering residents a variety of plans
  - Results in a nutshell:
    - Lower employer health costs
    - Add discretionary income to household budgets
    - Capture more federal health care dollars
    - Provide coverage for all
    - Allow for improvements in cost and quality
    - Increase employment and add dollars into the economy

*Health Coverage in Connecticut: the Costs and Benefits of Major Reform, Urban Institute, 2007*



# Option I: A State Self-insured Health Care Plan

- State of CT would purchase health care directly from providers of health care services.
  - Lower administrative and health care expenses
- Enrollment would be automatic.
- Standard package of health benefits typical of employer-based insurance at private companies in New England.
- Employers and consumers can choose to buy supplemental coverage plans on their own.
- Funding mechanism: employer and employee contributions, state and federal funds
- Total spending would fall by 4.3%
- Employers would realize a 16% decrease in annual health care costs (from \$7.93B to \$6.63B). Firms offering coverage today would experience a 23% drop in health costs.
- Total costs per insured would drop by 15.6%
- With less spending on health care and insurance, combined with increased wages, CT households would have an extra \$1.81 billion a year to spend for other things, averaging \$1544 per household.
- While state spending on medical coverage would rise by \$85M, federal Medicaid payments would increase by \$1.5 billion.



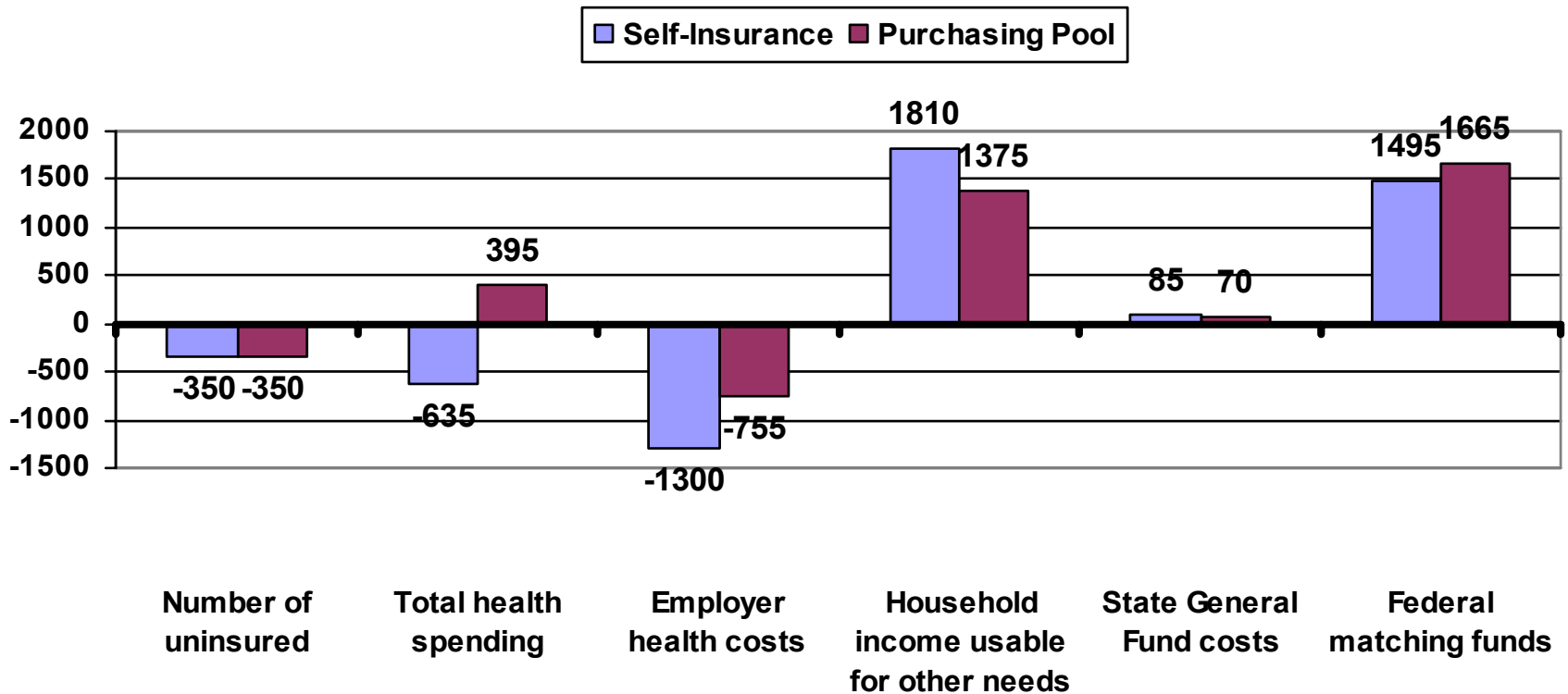
# Option 2: Create a State Purchasing Pool Combined with Employer Sponsored Coverage

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- The state assembles a pool of competing private plans.
- Everyone in CT is either in one of these plans or in their employer's plan.
- Consumers can choose a plan from the pool that fits their income.
- Employers can choose to continue to offer coverage on their own, but it would cost them less to offer coverage through the state plans.
- Financed by individual premium payments based on income and choice of health plan, employer contributions, federal matching funds and state General Fund dollars.
- Total health care spending would rise by \$395 million (2.4% vs. 8.4%)
- Average cost per insured under age 65 would decline by 9.4%, falling from \$5,625 to \$5,094.
- Total employer payments for health insurance would fall by \$755 million (9.5%)



# Impact on Cost and Coverage by Policy Option



Projected impact on non-elderly residents of Connecticut, 2007 (thousands of people, millions of dollars)

Source: Gruber Microsimulation Model.



# Perspective on reform implementation

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- **Whatever passes must meet the principles.**
  - **Universality:** Does it cover all state residents?
  - **Continuous:** Can it go with people from job to job, marriage to divorce, etc?
  - **Affordable and sustainable to consumers and society**
    - How much does it lower health care costs per insured state resident?
    - How much does it lower overall employer costs for health coverage?
    - What's the impact on household income available for purposes other than purchasing health insurance?
    - What's the impact on total spending on health care?
    - What's the impact on the state General Fund dollars?
    - What is the net effect on the overall state economy?
  - **Enhances health and well-being:** What about access and quality improvement?



# Respond to urgent reality with a long view

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- Comprehensive vs. incremental
- Public private partnership
- Re-think status quo
- Plan for change – stage, gradual, phasing
- Test, assess, learn and adjust

