

July 10, 2014

Nancy Wyman
Lieutenant Governor
Hartford, CT

Mark Schaefer
Project Management Office
Hartford, CT

Re: Independent Consumer Advocates' Opposition to Recent Changes to Final State Innovation Model Plan Regarding Medicaid Enrollees

Dear Lt. Governor Wyman and Dr. Schaefer:

We are a broad coalition of independent consumer advocates, some of whom are on various SIM-related committees and some of whom are not. We all have a great interest in the Medicaid program and preserving and expanding access to care for Medicaid enrollees. Many of us directly represent these individuals in their attempts to obtain access to care under this program, which is often blocked because of a variety of barriers, many of which are special to low income individuals. We write to express our opposition to the inclusion of Medicaid in the SIM Model Test grant in the ways that were recently proposed by the SIM Program Management Office and the Department of Social Services.

The plan's central payment reform feature, aimed to address a concern with excessive treatment, put financial risk on providers through "shared savings," such that they would be financially incentivized to reduce the total cost of their own patients' care, which could be done through inappropriate denials of appropriate care. In response to advocates' concerns that imposition of a shared savings plan in Medicaid would exacerbate access issues for Medicaid enrollees, the SIM plan was revised and a go-slow approach for moving the Medicaid enrollees into shared savings was submitted to the Centers for Medicare and Medicaid Services in December, 2013.

The two new Medicaid proposals widely diverge from the plan to include Medicaid in the Connecticut Healthcare Innovation Plan that was submitted to CMS in December. As DSS summarized its position on July 1st:

*"With respect to payment reform, the Department's original position was that we would inaugurate our use of shared savings with the CMS Demonstration to Improve Care for Medicare-Medicaid Enrollees ["duals demo"]. The Department **further committed** in the SIM State Health Innovation Plan to align with other payers to the extent of implementing an upside only shared savings program for the general Medicaid population. **In support of this, the Department proposed to review the early experience of other payers with this approach, to assess the need for protections for Medicaid beneficiaries and on that basis to determine when during the test grant period to implement an upside only shared savings program.**" July 1, 2014 DSS Document, page 3 (emphasis added).*

DSS repeatedly assured the public that Medicaid would not lead the market in shared risk and, on that basis, consumer advocates did not express any public opposition to the final December plan.

Despite this commitment, two weeks ago, with the SIM grant application due to be submitted on July 16, the go-slow approach has been abandoned. SIM planners have stated: “Early [Medicaid] participation within the grant period is warranted in support of achieving CMS identified goals related to a federal return on investment.” July 1st DSS document at page 3. SIM proponents are clear that the plan is changing at this late stage to improve the chances of winning the federal grant.

SIM proponents propose two radical changes to the SIM plan and also to the Medicaid program, threatening harm to Medicaid enrollees:

(1) Enrollment of at least 200,000 Medicaid enrollees in a shared savings plan by January 1, 2016, without sufficient planning, data and preparation, puts vulnerable Medicaid enrollees at high risk.

Because the Medicaid shared savings plan will be rolled out to at least 200,000 individuals without the careful planning that has gone into the duals demonstration, it will very likely cause harm to affected patients. Access to care for vulnerable Medicaid enrollees, already suffering from serious access issues, particularly with regard to specialists, could worsen because providers will have a direct financial interest in keeping the total cost of care down in order to achieve shared savings and thus could, consciously or not, resist making appropriate referrals.

Connecticut’s growing PCMH Medicaid program is improving care and saving money. Participating primary care providers receive extra payment for coordinating care and potentially additional payments for doing well on agreed-upon quality measures, but they do not have potentially harmful financial incentives to restrict access to care (or financial incentives to refer patients to other providers). Imposing broad-scale shared savings on Medicaid just 18 months from now, without the opportunity to assess the effects of its imposition on other populations, will fundamentally undermine, **not** “build on,” this very successful model in the Medicaid program.

(2) Development of a Sec. 1115 waiver, which will include a “global cap” or “budget neutrality” over a five year period on the federal share of Medicaid expenses returned to CT taxpayers, puts vulnerable Medicaid enrollees at high risk.

Under this proposal, the federal government would not be required to pay its full share of increased costs. A waiver would be pursued to obtain a small amount of flexibility to cover some additional services under Medicaid. Currently, Medicaid costs are shared between the state and the federal government based on the actual cost of services provided in the program, reimbursed between 50 and 100 cents on the dollar. But 1115 waivers require budget neutrality in terms of the federal government’s Medicaid payments to a state.

Some of the proposed “new” services to be obtained, like community health workers and “adaptive equipment,” are in fact already covered or coverable by Medicaid without a waiver. But the proposed cap could result in increasing Connecticut’s share of Medicaid costs because of foregone federal contributions. Some states have chosen to gamble that the flexibility offered in an 1115 waiver will result in savings that will offset any lost federal revenue. We should not take that gamble with the state budget or people’s health care, for such little potential gain.

Because these two significant proposed changes could be destructive to the Medicaid program and because there is not time for careful development of protections before shared savings are widely applied to Medicaid enrollees, we urge you not to include either of these changes in the Test Grant application and to follow through on the important commitments made to Connecticut’s vulnerable Medicaid enrollees, as articulated in the December plan and otherwise. These two major changes are simply not acceptable to the independent consumer advocates concerned with vulnerable Medicaid enrollees’ access to health care.

Thank you for your attention to our request.

Respectfully yours,

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cc: Members, SIM Steering Committee and Consumer Advisory Board
Commissioner Roderick Bremby