

TESTIMONY to the Committee on Public Health

March 11, 2015

Re: HB-6938, An Act Concerning the Delivery of Quality Health Care and Modernization of Health Care Facilities

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Executive Director

Thank you for the opportunity to share our support for this important legislation. We at the CT Health Policy Project have worked for fifteen years to expand access to quality, affordable health care for every state resident. No one supports effective health care reform more than consumer advocates.

The State Innovation Model (SIM) is the administration's plan to transform Connecticut's entire health care system and control the costs of care for every state resident --- all 3.6 million of us. Despite the extensive impact across our state, SIM planning has been happening largely out of public view in small, insular groups for two years. This is the first legislative public hearing regarding SIM and long overdue. Thank you for bringing this important issue to the public's view.

In many ways, SIM is a "solution" in search of a problem. Health care costs started slowing in 2003, five years before the recession, and now track closely with inflation in the rest of the economy. Connecticut's Medicaid program has done even better, with **no** increase in per person costs over the last two years, saving the state \$420 million so far. There is a growing consensus among experts that structural innovations across the health care system have worked to "bend the curve" and that future cost increases will continue to track more closely with general inflation. Shared savings, the payment model SIM chose for the entire state, is very new and more sophisticated states are struggling to make it work. Only one of the eleven Medicare shared savings pilots in our state earned savings last year. So it is unclear why, beyond chasing a small federal grant, Connecticut would be considering radical changes to our health care payment system when things are moving in the right direction.

Since last August, dozens of independent consumer advocates have sent at least six sign on letters raising concerns about SIM. Despite exclusion from the process until very recently, independent advocates have engaged constructively on SIM committees where we have been allowed at the table. Important innovations and improvements to the program have resulted from our advocacy including monitoring for underservice due to financial risk and Connecticut-appropriate patient-centered medical home standards.

Our experience with SIM is that planning requires constant vigilance by advocates. Recently SIM staff summarily rejected months of very difficult, contentious work by the new multi-stakeholder SIM practice transformation group, including independent consumer advocates, to build patient-centered medical home standards that meet Connecticut needs. SIM staff was fully involved in SIM committee process, controlled the agenda, chose the consultants, and controlled committee membership. Without warning, SIM staff chose to over rule their own committee's work just after the committee reported out their recommendations.

Unlike other states, Connecticut's SIM has had continuous problems with transparency, prompting a Freedom of Information complaint that is still pending. Concerns about weak ethics and conflicted interests, for state purchasing and standard setting, have been raised given prior conflict of interest concerns such as the choice of McKinsey as consultants – See [Hartford Courant article](#).

Advocates are especially concerned about SIM's plans for Medicaid. While adoption of SIM recommendations is voluntary for private insurers, because of SIM the state is planning to move all 750,00 Medicaid members into shared savings in the next few years. Intractable plans to move 200,000 by Jan. 1st of next year will require an RFP, with final details on the payment model, by May 1st. Connecticut's Medicaid program moved away from a similar financial model two years ago. Since that time, 32% more providers are participating in the program, quality of care has improved to the level of private plans in many cases, ER use is down and the state has saved \$420 million. Moving back into a payment model that places financial risk on underpaid Medicaid providers with just seven weeks of planning is reckless.

A better model for reforming Connecticut's health system, especially Medicaid, is the "shovel-ready" health neighborhoods pilot for people dually eligible for both Medicare and Medicaid. The health neighborhood pilot is the result of a three-year, multi-stakeholder, broadly supported, transparent, inclusive process that builds on what has proven to work in the last two years. The model addresses the critical needs for care coordination, prevention and chronic disease management for Connecticut's most fragile and costly residents. The pilot offers significant opportunities for long term savings to the state, as acknowledged in the Governor's budget proposal. It makes far more sense for Connecticut to begin with the health neighborhood pilot, learn lessons, and then expand to new populations rather than a SIM-motivated rush back into a risky payment model that has failed Connecticut.

Connecticut's federal SIM grant of \$45 million over four years is completely inadequate to radically transform our state's health system that spent over \$30 trillion spent on health care for entire state in 2009. The SIM grant is dwarfed even by Connecticut's Medicaid program at \$6 billion/year. However \$45 million could make a real difference in one community like Waterbury.

Thank you for your time and your commitment to the health of every Connecticut resident.