

Concerns with OHS's Cost Cap/Benchmarking Project

Summary

Healthcare costs a lot in Connecticut, especially for middle and lower income residents. Primary care is the foundation of a healthy health system. Lowering costs and supporting primary care are important goals, however the Office of Health Strategy's (OHS) new plan to limit costs is ill-conceived and likely to create unintended harm. Despite the pandemic, OHS is rushing ahead on the cost cap with out-of-state consultants and without critical input.

OHS is following a model from Massachusetts, that would aggregate all healthcare costs for all populations and payers. If those costs exceed an economic marker chosen by OHS, the agency will choose provider organizations for corrective plans to lower costs. In addition, OHS plans to significantly expand primary care's share of spending while simultaneously reducing the size of the entire healthcare pie, cutting other critical care.

Concerns

- The plan threatens access to necessary care and could widen disparities
- The pandemic has had unprecedented impact on Connecticut healthcare delivery and spending – plans to use 2020 as the base year for the cost cap are risky
- OHS's plan does nothing to address the main drivers of rising health costs – prescription drug prices and mergers leading to higher service prices
- The rush to plan during the pandemic and secrecy in developing corrective plans undermines trust
- The plan implements cost caps a year before quality improvements, allowing erosion of quality to achieve savings
- A cost cap removes incentives for investment and innovations that could lower costs
- Aggregate cost cap removes incentives to lower costs
- Proposed economic benchmarks miss the impact of rising health costs on Connecticut middle and lower income residents who bear the highest burden
- Connecticut does not have either personnel or systems in place to do this work – outside consultants are not a good option
- An arbitrary primary care spending benchmark is the wrong place to start improving primary care and could have unintended consequences
- OHS's plan favors capitation, a payment model that failed Connecticut
- The Plan ignores the unique features of Medicaid that could undermine cost reductions and expansions of access in the program, while enabling further cost increases in commercial plans

Advocates, primary care providers and other stakeholders have offered dozens of better, safer options to improve health outcomes and control costs in Connecticut.