

September 22, 2020

The Honorable Ned Lamont
Governor, State of Connecticut
Executive Chambers, The Capitol
Hartford, Connecticut 06106-1591

Dear Governor Lamont:

We are a broad group of advocates writing to follow up with new concerns on the letter of May 27, 2020 (attached) about the Office of Health Strategy's (OHS) project to control healthcare costs under Executive Order #5. In that letter we offered constructive recommendations to ensure the success of the project. Recognizing the profound impact of the COVID pandemic on both patients and the healthcare system, we urged a delay in the process until all the stakeholders who will be necessary to achieve responsible, sustainable cost control are able to fully participate. We also asked that the process be opened up to engage all stakeholders before any substantive decisions were made to avoid serious unforeseen consequences. Unfortunately, we received no response to our letter, neither concern was addressed, and further concerns have arisen.

No one is more affected by rising healthcare costs than consumers. Consumers pay those bills either directly, as out-of-pocket costs and premium contributions, or indirectly, as taxes and lost wages. Healthcare cost increases have moderated in Connecticut, as they have across the US, led by Connecticut Medicaid's extraordinary success in both cost control with improvements in quality and access to care. However rising costs in other parts of the health system continue to burden employers, communities, government, and households forcing sacrifices in other priorities.

We are concerned that the cap chosen by OHS and their Technical Team to reduce aggregate healthcare cost trends by almost half will cause harm to state residents, especially those with significant healthcare needs. We are concerned that resulting limits to care could further harm underserved populations, who struggled to access care before the pandemic. Since the pandemic, the sharp disparities in health and healthcare for racial and ethnic minorities have been laid bare, disparities which will likely worsen by cutting health care costs. We are further concerned that the very ambitious cap will undermine the state's healthcare system that is reeling from the pandemic and its impact.

We are concerned that there is no plan or timetable to develop a meaningful monitoring system to detect both anticipated and unanticipated harms. Ignoring the serious potential for unintended consequences, OHS and the Technical Team have only allowed for a rise in inflation to trigger a reconsideration of the Cost Cap. Direct harm to consumers wasn't considered by OHS or their committee as a prompt to reconsider and mitigate the harm. We urge you to delay implementation of the Cost Cap until that robust monitoring system is in place and functioning, and to require a reconsideration of the cap if harm is found.

We are concerned that OHS's plans to address Connecticut's disappointing quality of care will be delayed at least a year after the cap is in place. This invites cost control by lowering access and quality of care. OHS has devoted years and significant federal funds to set standards for quality measurement, without success. According to OHS, the project was unsuccessful because providers could not come to consensus on metrics. We are concerned that providers, who would be held accountable for their performance, were able to halt quality improvement. We urge you to delay implementation of the cap on healthcare costs until a robust quality monitoring system is in place and investments in quality improvement are working.

We are also concerned about OHS's stated plans to enforce the Cost Cap with agreements reached in confidential negotiations with high-spending entities. In secret negotiations, profit motives, rather than the best interests of Connecticut residents, could drive the outcomes. Advocates have raised concerns with OHS's past policy decisions affecting consumers, specifically selling access to sensitive medical records and reducing access to primary care for over 25,000 low income New Haven area residents. Transparency is key to increasing trust across the healthcare system. It is critical that the people affected by these agreements are part of the negotiation and have input into them to highlight the impact on communities and patients. We urge you to work through an open policymaking process using existing levers in law and regulation to lower healthcare costs responsibly.

Finally, we are concerned that the basic data necessary to measure healthcare costs against the cap and make good decisions is not available. Unlike Massachusetts and other states now considering a Cost Cap, Connecticut has little healthcare data capacity or analytics. Without those costly resources, the state would be flying blind trying to control costs, risking serious unintended consequences. In 2015, the General Assembly's Office of Fiscal Analysis estimated that a similar effort to develop a Cost Cap would be \$3.3 million. The budget for the agency that sets Massachusetts' cost cap is \$8.5 million this year, not including data costs. We urge delay of implementation of the Cost Cap until sufficient funds can be devoted to developing adequate data and cap development systems. As the state is facing a serious recession, there are better uses for those funds. We understand this is unlikely to happen soon, but doing this right is more important than doing it quickly.

While we have many concerns that must be addressed, advocates and providers stand ready to work with you and other policymakers to lower the burden of healthcare costs on our state, as Connecticut has done very successfully under the Medicaid program working with advocates. We have worked productively with state policymakers in the past to responsibly control costs and we stand ready to share innovative ideas for the future.

Thank you for your attention and we look forward to working with you and your administration to improve the affordability of healthcare in Connecticut.

Respectfully yours,

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cc: Victoria Veltri, Office of Health Strategy
Commissioner Deidre S. Gifford, Department of Social Services
Representative Catherine F. Abercrombie
Senator Mary Daugherty Abrams
Representative Jay M. Case
Senator Kevin C. Kelly
Senator Matthew L. Lesser
Senator George A. Logan
Senator Marilyn V. Moore
Representative Cara Christine Pavalock-D'Amato
Representative William A. Petit
Representative Sean Scanlon
Senator Heather S. Somers
Representative Jonathan Steinberg