Victoria Veltri, Director of the Office of Health Strategy
Primary Care Subgroup Working Group
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Via email

October 20, 2021

Dear Ms. Veltri and distinguished members of the Primary Care Subgroup Working Group:

The Legal Services programs of Connecticut (Greater Harford Legal Aid, New Haven Legal Assistance Association, and Connecticut Legal Services) ask that you reconsider the use of a capitated primary care payment model in the construction of the Healthcare Roadmap for the state. If you feel you must incorporate capitation in the model, we ask that you at least omit Medicaid from that model. It is a payment model with an outsized risk of adversely affecting access to care for our low-income clients and, given the cost efficiency of Connecticut's HUSKY program, one unlikely to improve the cost performance of the state's Medicaid program.

At two recent meetings of the Primary Care Subgroup Working Group of the health care roadmap project (September 28, 2021 and August 24, 2021), the working group discussed possible payment models for primary care providers in the state, incorporating various levels of capitation. As the minutes of the most recent meeting suggests that the working group is still working through the options, Legal Services advocates would like to take this opportunity to note that we remain concerned that a move toward capitated payment models in Medicaid could negatively affect our clients. Most of our clients experience adverse social determinants of health (SDOH), such as inadequate housing, food insecurity, and insecure employment, which harm their health and complicate their ability to receive health care. Unfortunately, alleviating the effects of adverse SDOHs is very difficult to do within the confines of medical practice. As a result, many of our clients are among the most complex care cases a health care system is likely to see, and are just the sort of cases often disadvantaged by a payment model that has built-in incentives for preferring healthier patients with fewer complicating factors.

Primary care capitation as a payment model has a number of limitations with regard to patients like our clients. First, as the model pays a practice whether it delivers care or not, there is an incentive either to select the healthiest patients or to deliver less care than might be optimal. One way a primary care provider could provide less care would be to refer the patient to a specialist for care that could be performed more affordably by the primary

care provider, leading to increased medical costs, exactly the opposite result intended by the roadmap project. Capitation also incentivizes primary care providers to take on more patients, potentially beyond the practice's capacity, which could result in difficulty in obtaining appointments, aggravating access issues our clients already have due to limited transportation, inadequate child care, or inflexible work schedules. The effects of capitation theoretically could be countered through risk adjustment, but modeling the correct adjustment is notoriously complicated and requires multiple variables and special care to avoid exacerbating inequities already inherent in the health care system.

Connecticut's Medicaid system is already remarkably cost-efficient; from 2015 through 2020, the average cost growth in the per member per month (PMPM) cost for HUSKY programs was 1.35%[i], on the order of inflation, a much lower cost increase that that seen nationally. Connecticut's Medicaid program is not the driver of the state's medical costs. Indeed, its costs have risen less quickly than the state's employee- and retiree-health plan costs[ii]. The state achieves this cost control of Medicaid, as the Department of Social Services reported to the Medical Assistance Program Oversight Council (MAPOC) on January 8, 2021, "*through use of a managed fee-for-service approach*; expansive eligibility guidelines that promote access; comprehensive coverage of preventative medical, behavioral health and dental services; and coordination and integration of care" (emphasis added).[iii] Given the success that the state has enjoyed in controlling its Medicaid costs, it seems that the state health care roadmap project would do well to follow the example of the HUSKY program rather than imposing a capitation model that could cause harm to the most medically vulnerable. At the very least, we ask that any plans to impose a capitation model exclude HUSKY programs.

Sincerely,

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cc: Senator Mary Daugherty Abrams
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[i] Department of Social Services, Presentation to the Medical Assistance Program Oversight Committee (MAPOC), Jan. 8, 2021, available at: https://www.cga.ct.gov/ph/med/related/20190106_Council%20Meetings%20&%20Presentations/20210108/HUSKY%20Financial%20Trends%20January%202021%20.pdf

[ii] Ellen Andrews, "Connecticut Medicaid Costs Stable, but Rising Physician and Clinic Cost Threaten Progress," Connecticut Health Policy Project, Jan. 20, 2021, available at: https://cthealthpolicy.org/index.php/2021/01/20/connecticut-medicaid-costs-stable-but-rising-physician-and-clinic-spending-threaten-progress /

[iii] DSS Presentation to MAPOC, Jan. 8, 2021, 31, available at https://www.cga.ct.gov/ph/med/related/20190106_Council%20Meetings%20&%20Presentations/20210108/HUSKY%20Financial%20Trends%20January%202021%20.pdf.