Talking Points:
MCOs should not return to HUSKY

- Medicaid MCOs are paid under a **capitation model**. In capitation, private insurance plans are paid a per-member fixed fee to cover all necessary care. This **creates an incentive to deny care**, both high and low value care, and to **cherry-pick more lucrative members**. Medicaid MCOs are **very profitable.**
- There's been recent national interest and from other states in **Connecticut's innovative, successful Medicaid model of managed fee-for-service**.
- **The evidence does not support Medicaid MCOs improving either access to healthcare services or the quality of care provided to members.**
- According to MACPAC, Medicaid's federal oversight commission, the National Conference of State Legislators, and the National Association of Medicaid Directors, despite many studies, **independent evidence does not support MCOs' promises to improve access or the quality of healthcare** for members. Syntheses of independent, peer-reviewed studies, cited below, also do not find evidence of improved quality or access.
- **A recent study by consultants commissioned by DSS acknowledges the evidence that MCOs don't save money for states nor do they improve access to or the quality of care in Medicaid.** They also acknowledge that Connecticut's Medicaid program outperforms other states, including Northeastern states, in quality, access, and cost control. The consultants do not recommend returning Connecticut to MCOs.
- **HUSKY isn't perfect.** The consultants did identify areas of opportunity for improvement including patient experience and for people with disabilities and seniors. **Advocates are working on options to address the challenges.**

MCOs in HUSKY have a troubled history:

- In a mystery shopper survey commissioned by DSS, **40% of providers listed in MCO panels did not participate in the program.**
- MCOs refused to comply with state Freedom of Information laws.
- An audit by the Office of State Comptroller found that **the state was overpaying MCOs by five percent.**
- The state medical society filed suit against the Medicaid MCOs for **engaging in deceptive and improper practices that harm patient health**.
- One year after Connecticut's transition to Medicaid managed care, the Office of State Comptroller documented **problems with**
  - attracting enough providers to the program resulting in enrollment suspensions
  - 10% of children did not have a primary care provider
  - difficulties reporting data on services delivered

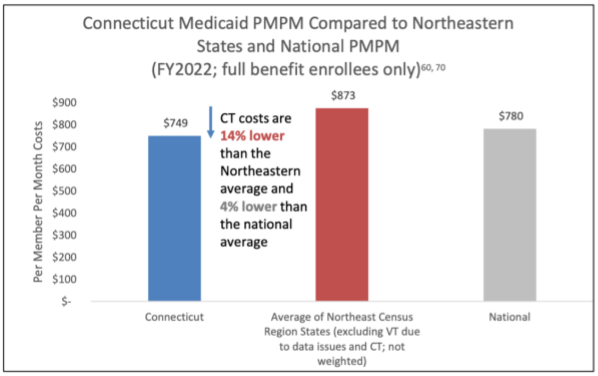
Finances since the shift to managed Fee-for-Service:

- **Connecticut has saved billions of taxpayer dollars** since moving from MCOs to managed Fee-for-Service.
- In a study published in Health Affairs, **Connecticut Medicaid cost control was the best in nation**. Between 2010 and 2014, the average annual change in Connecticut's Medicaid per person costs **fell by 5.7%,** compared to of while the US average **rose by 1.2%.** Over the same years, Connecticut's Medicare and private health insurance costs were up 1.6% and 2.5% respectively.
- **Large employers, including the state employee plan, have moved away from capitation to self-funding their members**. They have experienced lower costs and have more control over how healthcare services for their employees are delivered.
    - Currently, 81% of Connecticut businesses with over 500 workers are self-funded.

Connecticut's Medicaid program is efficiently run.

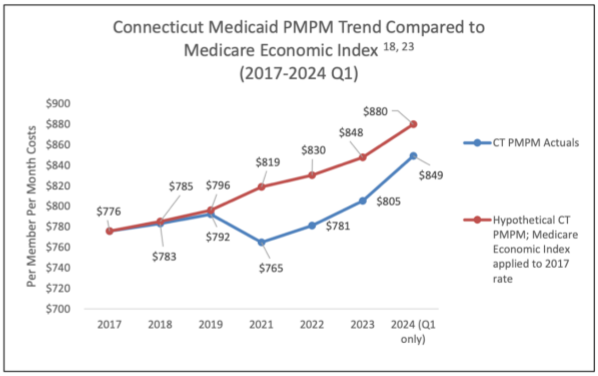
- Last year Connecticut spent only 21.9% of our state budget on Medicaid, well below the US average of 29.6%. **Our lower Medicaid spending frees up $3.96 billion in our budget for other priorities.**
- Despite significant enrollment growth, Connecticut's Medicaid spending trends are below national levels. Per member costs are stable.
- Including MCO administrative spending, **in 2023, Connecticut Medicaid spent only 3.8% on administration, compared to 9.4% for states with MCOs. Connecticut Medicaid per member costs are growing more slowly than the US average.**

CT Medicaid PMPM expenditures are lower than other Northeastern states...



Notes:
- CT Medicaid PMPM was also below the Northeast average pre-pandemic.
- CT aggregate Medicaid spending as a % of the state budget is also well below that of other nearby states (22% in CT compared to 29% for other Northeastern states in FY2023).

...and CT Medicaid PMPM cost growth since 2019 has tracked below medical inflation.

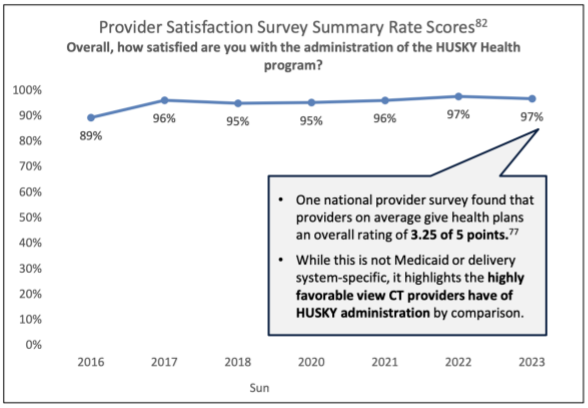


Notes:
- Other PMPM analysis prepared by the State incorporates pharmacy rebates; while figures are slightly different between these two analyses, the overall trend is similar.
- 2020 data not available.

Source: Medicaid Landscape Analysis, DSS, December 2024, p. 13

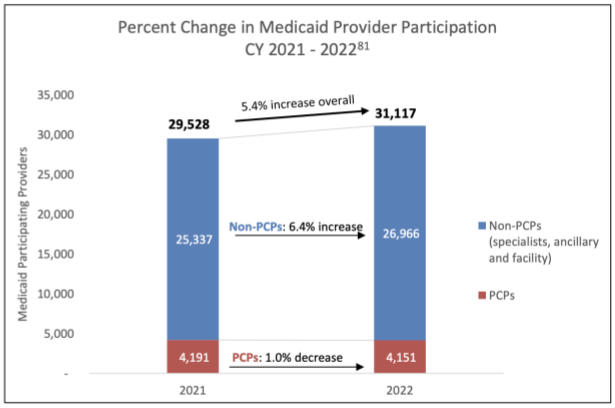
- Unlike in most states, almost all Connecticut providers (97%) of Connecticut Medicaid providers are satisfied with the program. The number of participating providers is growing.

Providers year-over-year have been satisfied with the administration of the HUSKY program.



Note:
Summary Rate Scores represent the response options "Very Satisfied" & "Satisfied"

From 2021-2022, CT Medicaid provider participation increased by ~5.4%, driven by an increase in non-primary care providers.



Note:
PCP means primary care provider; CY means Calendar Year

Source: Medicaid Landscape Analysis, DSS, December 2024, p. 17

Quality of care in Connecticut Medicaid is much better than most states.

- Just one study published this year found the rates of early-stage cancer diagnosis and survival among Medicaid members were substantially better in Connecticut, without MCOs, than in New Jersey, a demographically comparable state that still has MCOs. Rates were comparable between the states until 2012, but when Connecticut removed MCOs from our Medicaid program our rates steadily improved. New Jersey Medicaid's rates did not change.

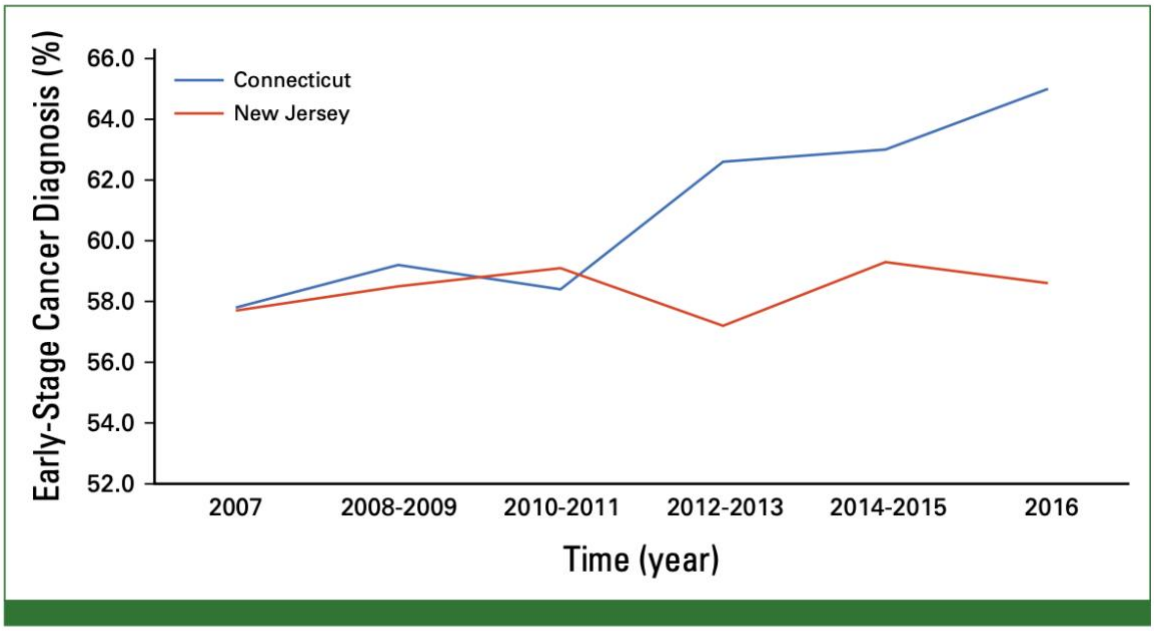


FIG 1. Early-stage change diagnoses over time.

Source: P Sunkara, et al, Association of Medicaid Privatization With Patient Cancer Outcomes, *JCO Oncology Practice* (2024) 31:OP2300297, with permission

- According to Medicaid.gov in 2022:
  - 73.3% of Connecticut children and adolescents had a checkup, compared to 54.2% national average
  - Child health -- Connecticut scored better than the national average in 16 of 22 priority child health measures, Connecticut was in the top quarter of states for 13 of those measures
  - Adult health -- Connecticut scored better than the national average in 20 of 28 priority adult quality measures, Connecticut was in the top quarter of states for 17 of those measures

HUSKY leads the US in embracing innovations.

- Connecticut's current program, without MCOs, has adopted all the available tools MCOs use to control costs or improve quality and access to care. We don't have to share any savings with MCOs.
- Connecticut has implemented every quality reform cited by other states.
- Connecticut Medicaid has also implemented four of five payment reforms and is in the process of implementing the last one.

Figure 2

Performance Measure Focus Areas for Quality Incentives as of July 1, 2021

n = 47 states

Performance Area	# of States	States
Mental Health	33	AR, AZ, CA, CO, CT, HI, IA, ID, IL, IN, KS, LA, MA, ME, MI, MO, MS, MT, NE, NH, NV, NY, OH, OK, OR, PA, SC, SD, TN, VA, VT, WA, WI
Chronic Disease Management	27	AL, AR, AZ, CA, CO, CT, HI, IL, KS, LA, MA, ME, MI, MO, MS, MT, NH, NY, OH, OR, PA, SC, SD, TX, VA, VT, WI
Perinatal/Birth Outcome	23	AL, CA, CO, CT, FL, HI, IL, IN, KS, LA, MA, MI, MS, NE, NH, NJ, NY, OH, OR, PA, TX, VA, WI
Substance Use Disorder	23	AL, AZ, CA, CO, CT, HI, IL, IN, LA, MA, MI, NH, NJ, NY, OH, OR, PA, SC, SD, VA, VT, WA, WI
Potentially Preventable Events	22	AR, CO, CT, FL, HI, IL, KS, LA, MA, ME, MI, MT, NE, NY, OH, OK, OR, PA, SC, TX, VT, WI
Dental	21	AR, AZ, CA, CO, CT, FL, IA, IL, IN, KS, LA, MA, ME, MI, MO, NE, NY, OK, OR, PA, TX
Nursing Facility Quality	14	AZ, CT, ID, IN, KS, MT, NJ, NY, OH, OK, TN, TX, UT, WI
Health Disparities	12	CA, CO, CT, HI, IA, IL, MA, MI, OR, PA, TN, WI
Member Satisfaction	9	AR, CT, MA, ME, MI, MT, NY, TX, VA
LTSS Rebalancing	7	AL, CT, IL, MI, NJ, TX, WI

NOTE: DE, MN, NM, and RI did not respond to the 2021 survey.

KFF

Source: E Hinton et. al. State Delivery System and Payment Strategies Aimed at Improving Outcomes and Lowering Costs in Medicaid, *KFF* (2022), red circles added

What is likely to happen if MCOs come back to run Connecticut Medicaid/HUSKY?

- **Recent efforts to improve Medicaid will be at risk.** Current initiatives include updating provider payment rates, improving primary care, connecting care to community services, support for justice-involved people, expanding access to mental health and substance use disorder care will be the subject of negotiation with private insurance companies.
    - **Currently, if we want to improve services, we can just do it.** Under MCOs, we will have to lobby the MCOs to cover it, even care that saves money, and probably pay them more.
- **Care under MCOs will likely be more fragmented,** affecting the quality of care for members.
- **Providers will be required to get prior authorization for more services,** and there will be more denial, which will reduce and/or delay access to care and, potentially, **cause providers to avoid costly Medicaid members or leave the program entirely**.

- These **problems fall hardest on communities of color** expanding health disparities.
- The very similar capitated Medicare Advantage private insurance plans have a history of cherry-picking more lucrative members, denying needed care, excessive prior authorization, and other provider burdens. **Hospitals across the nation are dropping out of Medicare Advantage plans.** Congress is investigating. **This could happen to HUSKY.**
- **The troubles with Connecticut Medicaid's currently capitated private non-emergency transportation (NEMT) plan would likely spread to the rest of Medicaid.** Scheduled rides for members often do not show up; members and providers can wait on hold for an hour trying to get a ride.
- **HUSKY's successful Person-Centered Medical Home (PCMH) and Intensive Care Management (ICM) programs**, that are likely responsible for a great part of Connecticut Medicaid's success in lowering costs and improving quality of care, could be lost. Alternatively, **the state could continue funding these programs, but the savings would go to the MCOs.**