



STATE OF CONNECTICUT

INSURANCE DEPARTMENT

September 2016

The Connecticut Insurance Department (CID) is pleased to provide comments on Bailit Health's "Study of Cost Containment Models and Recommendations for Connecticut Straw Model." CID believes that all stakeholders need to work together to address rising health care costs in Connecticut. Last week, CID announced its rulings on health insurance rate requests for 2017. In 2016, Connecticut, like many states is experiencing rising health care costs of 10 percent or more due to costs of services, increased demand for services, severity of services and higher prescription drug costs.

CID supports monitoring and reporting on cost and utilization trends similar to work of the Massachusetts Center for Health Information on Analysis (CHIA) to help inform policymakers and regulators. Operating under the new economic reality, we believe that existing resources within the state could be used to fulfill this role by coordinating resources and data across agencies at the All Claims Payer Database, the Department of Public Health/Office of Health Care Access and the Insurance Department. A recent example of agency collaboration is CID's work to DPH/OCHA on data collection to fulfill a requirement of Public Act 15-146 is the Connecticut Acute Care Hospital and Outpatient Surgical Facility Data: FY 2015. (See attached).

Since 2004, CID has licensed and regulated organizations that take on downstream risk (CGA 38a-479aa), referred to as preferred provider network, "PPN." PPN means a person, which is not a managed care organization, but which pays claims for the delivery of health care services, accepts financial risk for the delivery of health care services and establishes, operates or maintains an arrangement or contract with providers relating to (A) the health care services rendered by the providers, and (B) the amounts to be paid to the providers for such services. (See attached overview of the PPN requirements). CID believes it is important for these risk arrangements to remain under the jurisdiction of the Department because it has the expertise to regulate these types of arrangements as well as monitor when these organizations may be taking on insurance risk which require an insurance license.

With respect to cost containment, under current law, there are areas that should be reviewed and promoted both on and off the exchange that could produce meaningful cost savings for consumers. These include expanded options in benefit design and network design, including value based benefit design and tiered networks. As with all product and network design, consumers need to be fully informed while they are purchasing coverage so they understand how the plan they are selecting will work. Consumers should have the ability to choose what plan works best for them and their families and fully understand the cost of the choice. Consumers may want a more limited network which provides access to the providers and facilities they are interested in at a lower price, while others may want access to a more robust network at a higher price. CID is encouraged that CMS is proposing though rulemaking to remove potential obstacles to more consumer choice by allowing more flexibility in plan design without sacrificing consumer protections.