

USC-Brookings Schaeffer Initiative for Health Policy

Options to Make Connecticut Health Care More Affordable

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What Should Prices Be?

Goal: Prices high enough to cover an efficient provider's cost of delivering appropriate-quality care—and no higher.

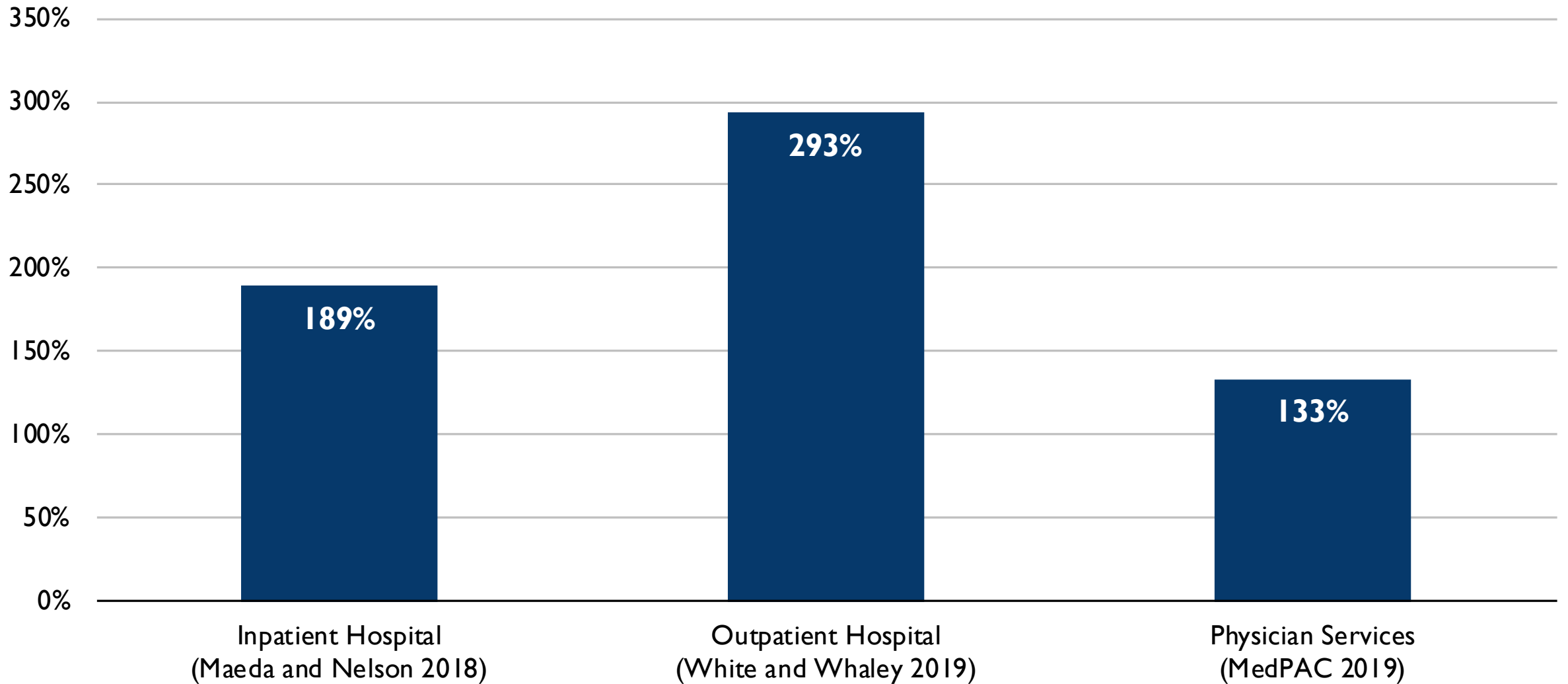
Consequences of excessive prices

- Financial burden on consumers (households & government)
- Underconsumption of care
- Inefficient care delivery

Consequences of inadequate prices

- Limited access to care
- Low quality care

Average Contracted Payment Rates as a Percentage of Medicare Rates for Major Service Categories



3 Big Options to Improve Affordability

1. Public Options
2. Enhanced Rate Review
3. Out-of-Network Caps

Public Options

- Recent efforts in CO, WA, and NV
- Administer a public plan or contract with private insurers?
- What markets to offer public option in?
- Benefit and network design?
- **KEY**: How to generate premium reductions?

Enhanced Rate Review

- Modeled on Rhode Island
- Allow state regulators to enforce provider rate growth caps through premium rate review process

KEY:

- Only applies to fully-insured plans
- Providers may be able to make up price reductions on self-insured plans

Out-of-Network Caps

- Which markets and provider types should it apply to?
- Involves less micromanaging
- **KEY**: Needs to be combined with a requirement on providers to offer reasonable access to out-of-network patients.