

Connecticut's Health Care Crisis: Barriers to Access

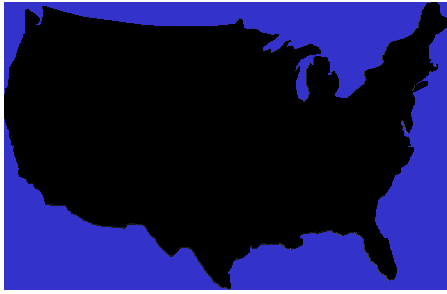
**The Business Council of Fairfield County
February 28, 2008**



Agenda

- Barriers to Access
 - Health insurance coverage
 - Uninsured
 - Under-insured
 - Affordability of employer coverage due to government cost shifting
- Legislative Activity

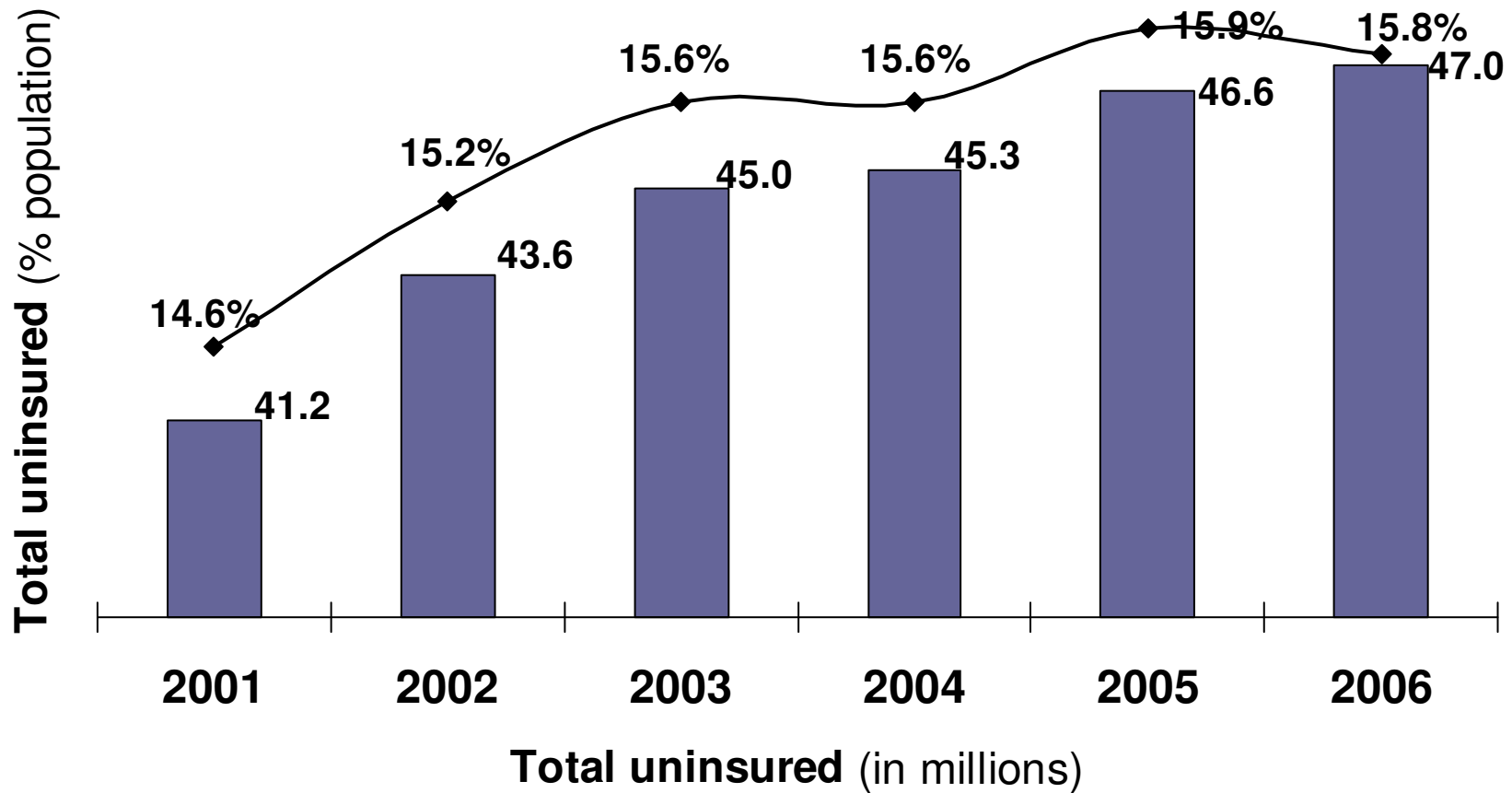
Uninsured



“The U.S. is the only country in the developed world, except South Africa, that does not provide health care for all of its citizens.”

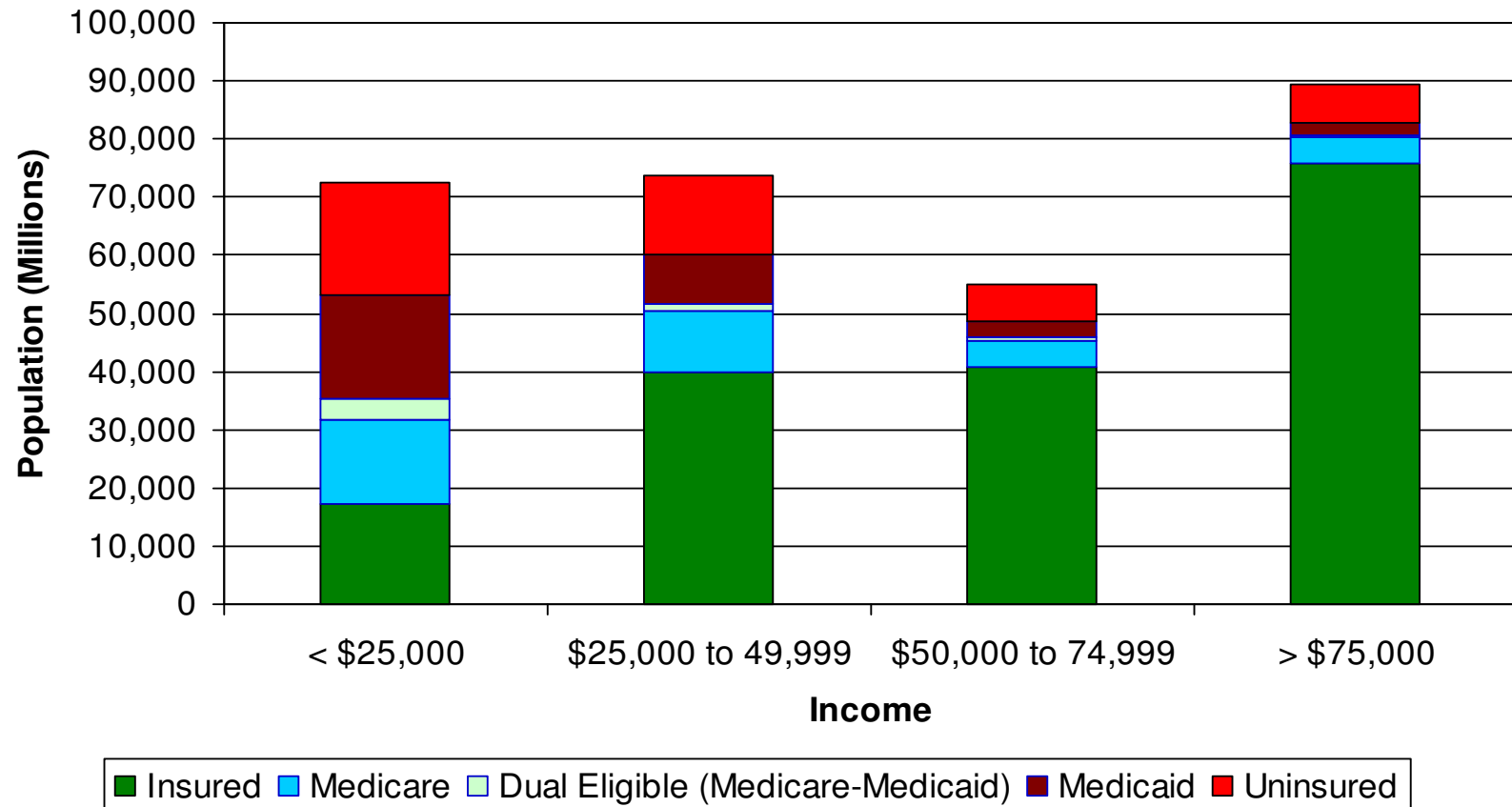
- Stephan Ayres, MD

National Perspective



Source: US Census Bureau, Center on Budget & Policy Priorities; underinsured / Medicaid est. 37.2 million

Healthcare Coverage by Income



Source: US Census Bureau, 2004

Connecticut Perspective

- 223,000 CT residents (6.4%) do not have health insurance
- 61% uninsured are working adults
 - 50% of them in full time jobs
 - 14% have access to insurance but decline it
- More than 50% of uninsured are minorities, 34% Hispanics
- Connecticut has the highest rate of uninsured in New England

Under-insured

Consumer Directed Health Plans

- High deductible plans
- Health savings accounts

- Be very careful as these plans are implemented
 - Need to incentivize preventative care
 - Need to help employees make informed decisions about care – don't expect them be a doctor!
 - Beware of more cost-shifting to providers through increased bad debts

Cost Shifting to Employers

Hospital Reimbursement 101

All CT Hospitals, 2006

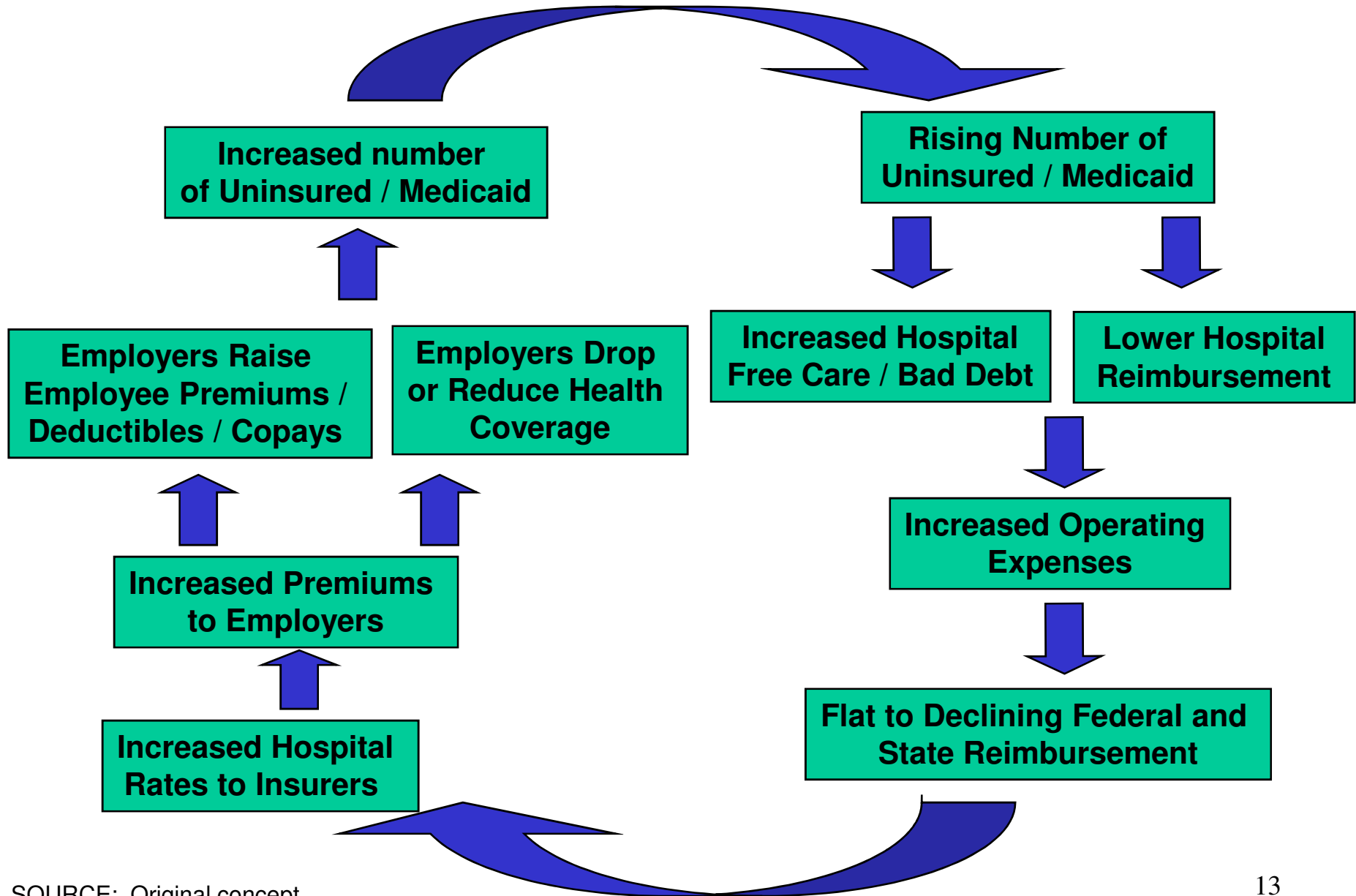
	<u>% of Volume</u>	<u>Payment/Cost Ratio</u>
• Medicare	49%	95%
• Medicaid	13%	70%
• Private insurer	34%	121%
• Uninsured	3%	0%

- **The under-payment by Medicare/Medicaid created a financial gap to hospitals of \$645 million!**
- **Employers covered \$400 million**
- **Hospitals absorbed \$245 million, causing limited reinvestment and slim margins**
 - **Average hospital operating margin = 0.62%**

Why should you care?

**It is increasing your costs and
impacting your competitiveness!**

Vicious Cycle



SOURCE: Original concept
"Seven Strategies to Improve Your Bottom Line", R. Preston Gee

What needs to be done?

- Stop the cost shift
 - Pay providers what it costs
- Create affordable health care coverage for all
- Reduce health care costs
 - Focus on prevention/primary care
 - Figure out a way to make fair, evidenced-based coverage decisions
 - Our country cannot afford to provide unlimited care to all

Legislative Activity

2007 Legislation

- S.B. 1484 HealthFirst Connecticut & Healthy Kids
 - Expands coverage for HUSKY children & families
 - Increases Medicaid rates to providers
 - \$118 million over 2 years
 - Creates two new health-related planning entities
 - HealthFirst Connecticut Authority (affordable coverage)
 - Statewide Primary Care Authority (primary care access)
- Governor Rell's Charter Oak Plan
 - Increases access to coverage for working families
 - Offers premium assistance
 - RFP released January 3

Governor's Task Force

- Formed April 2007
- Purpose:
 - To develop strategies to stabilize and chart the future course of hospitals in Connecticut
- Chairs: Bob Genuario and Cristine Vogel
- Three subcommittees:
 - Finance
 - Utilization and Planning
 - Workforce

Full report available at: <http://www.ct.gov/ohca/site/default.asp>

Key Findings

- **Finance**
 - Government under-funding has led to cost-shifting
 - Long-term under-funding of hospitals has created a \$1 billion gap in infrastructure investment (facilities, technology, IT)
- **Utilization**
 - CT inpatient hospital use rates are below national averages
 - Emergency Department (ED) use rates are above the national average - driven by Medicaid and SAGA patients seeking primary care or mental health/substance abuse services
- **Workforce**
 - Workforce shortages are leading factor in rising costs
 - CT projected to have fifth worst nursing shortage in US by 2015
 - CT experiencing a physician shortage due to cost of living and practicing (overhead, malpractice) in CT

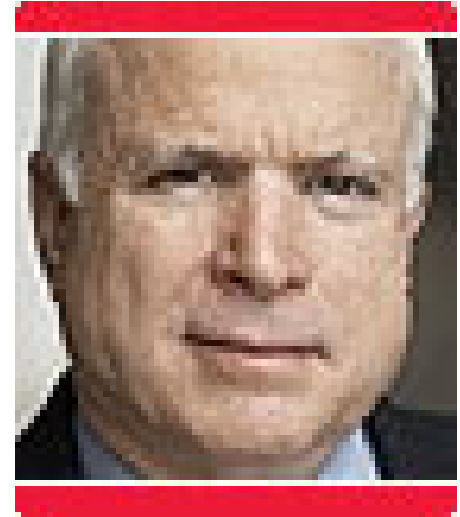
Key Recommendations

- **Finance**
 - Develop a better payment system (Medicaid, SAGA, Husky)
 - Increase hospital reimbursement to 100% of costs
 - Provide access to capital for hospitals
- **Utilization**
 - Reduce the inappropriate and/or extended use of EDs for mental health and substance abuse patients by increasing community-based resources
 - Reduce the number of primary care visits to EDs by expanding alternative locations for primary care
- **Workforce**
 - Increase the number of nursing faculty and nursing students
 - Increase the number of physicians in defined specialty or geographic shortage areas
 - Develop a malpractice reform proposal for 2009

2008 Potential Legislation

- Governor's Task Force recommendations
 - Provider rate increases
 - Additional community-based services for mental health
 - Efforts to enhance healthcare workforce
- Charter Oak Plan
- Other....

Presidential Election



What are their health care proposals?

Thank you!