

MARCH 2021

# A BETTER WAY TO AFFORDABLE HEALTH CARE

*The Connecticut Senate Republican Plan*



**PRESENTED BY:**

The Connecticut Senate Republican Caucus

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# EVERY PERSON DESERVES QUALITY HEALTH CARE

## Our Plan

For middle class Connecticut families, health insurance is anything but affordable. Cost growth is out of control and premiums are often the size of a monthly mortgage payment.

Those lofty bills weigh down family budgets and eat into savings, leaving Connecticut's middle class struggling to make ends meet.

Connecticut Senate Republicans are working to ease burdens on middle class families, and we are offering thoughtful, comprehensive solutions to this unaffordability problem. Democratic Party proposals for a public option would disrupt the current health care system and replace it with a government run system. Our plan works to fix the current system, so you can keep your insurance, keep your doctor, and still get savings.

Our plan would reduce health insurance premiums by up to 30%. We set-up a process to reduce all healthcare costs through better management of the growing costs of health care, much the same way Massachusetts does, saving people in the Bay State billions of dollars. We would also reduce prescription drug costs through establishing a framework to import drugs from Canada. We also launch an investigation of disparities in the health system so we can deliver on health equity for all people no matter gender, race, background or sexual orientation. And finally, we require audits of the “Cadillac” health plans offered by the state, which are back-stopped by the Connecticut taxpayer to ensure transparency and accountability.

Connecticut Senate Republicans accomplish this without taxing middle class families, and our ideas will not threaten the tens of thousands of quality private-sector insurance jobs in our state.

Our solution will make Connecticut more affordable for middle class families and increase access to health care, while supporting good-paying jobs. It is a common sense, pro-family, pro-jobs, and pro-middle class path.





# WHAT'S IN OUR PLAN

A common sense, pro-family, pro-jobs, and pro-middle class path.

## **LOWER THE COST OF HEALTH INSURANCE**

Implement a reinsurance program to defray high cost claims, leverage federal dollars and bring down the cost of health insurance premiums for all individuals with private insurance.

## **MAKE PRESCRIPTION DRUGS MORE AFFORDABLE**

Establish a prescription drug importation program in CT to allow for the importation of safe and lower cost prescription drugs from Canada.

## **REDUCE GROWING COSTS OF HEALTH CARE**

Implement health care cost growth benchmarking similar to the program that has successfully kept health care expenses from growing out of control in Massachusetts.

## **HEALTH EQUITY**

Investigate disparities in the health system to achieve equity for all.

## **PROTECT JOBS**

We understand how important our insurance industry is to our economy. We are known as the "Insurance Capital of the World," and we want Connecticut to stay that way.

## **TRANSPARENCY**

Require audits of the "Cadillac" health plans offered by the state, which are back-stopped by the Connecticut taxpayer.

## **MAINTAIN PROTECTIONS GUARANTEED UNDER THE AFFORDABLE CARE ACT**

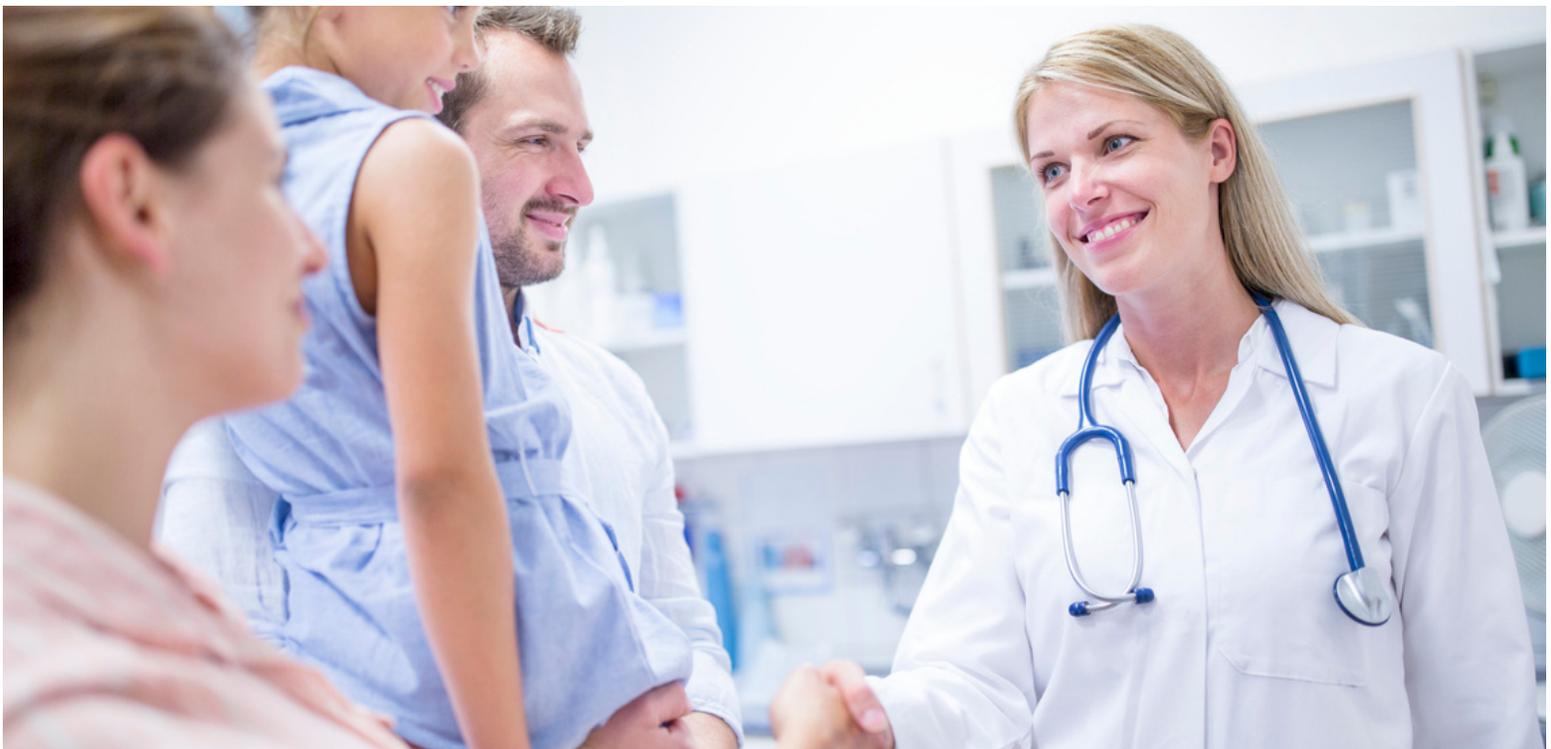
Something the "public option" fails to do.



# WHAT IS REINSURANCE?

Health care reinsurance works by helping to defray high cost claims that may be incurred by insurance companies. Reinsurance guarantees to insurance companies that if their costs of paying for a healthcare claim exceed a certain amount, they will receive assistance in paying for that claim.

When the Affordable Care Act was established, so was a temporary federal reinsurance program to help keep premiums down. That federal reinsurance program, as scheduled, ended in 2016 leaving the insurance market unstable and resulting in skyrocketing premiums. However, the Affordable Care Act did provide an opportunity for states to establish their own programs to decrease healthcare costs via the 1332 State Innovation Waiver program.



# LOWER THE COST OF HEALTH INSURANCE: REINSURANCE

Our plan implements a state based reinsurance program to reduce health care premiums. Access Health CT's 2020 Wakely Report and Reinsurance Analysis has estimated that this program would reduce health insurance premium costs from 6% - 29.5%, depending on the level of state investment. The program would be funded through existing resources within the state budget, not a new tax or assessment on insurance premiums. Any new tax on premiums or insurers only gets passed on to consumers and increases the cost of insurance instead of reducing it.

The Wakely report confirms that a reinsurance plan that does not rely on any assessment on premiums yields the greatest premium reduction. The report shows that a \$80.8 million state investment with no assessment on premiums will garner the greatest percentage of federal funds (62.4%-64.9%) and lead to a 25.1% – 29.5% reduction in premiums for all plans. The Wakely report also shows that assessments placed on insurance premiums yield a lower percentage of federal funding and did not reduce premiums as much as when no assessment was levied. This means proposals to pay for a reinsurance program with a tax on insurance will not yield the greatest savings for CT residents.



# AVERAGE PREMIUM COSTS

CT's average insurance premium for family coverage is  
**\$21,363**

**That's more expensive than a Honda Civic.**



STARTING MSRP \$21,250

# ESTIMATED PREMIUM REDUCTION

**Under the Senate Republican Plan a state investment of \$80.8 million is estimated to result in premium reduction of 25.1% - 29.5%**

**That's an average savings of  
\$6,302 per year,  
or \$525 per month**

# MAKE PRESCRIPTION DRUGS MORE AFFORDABLE

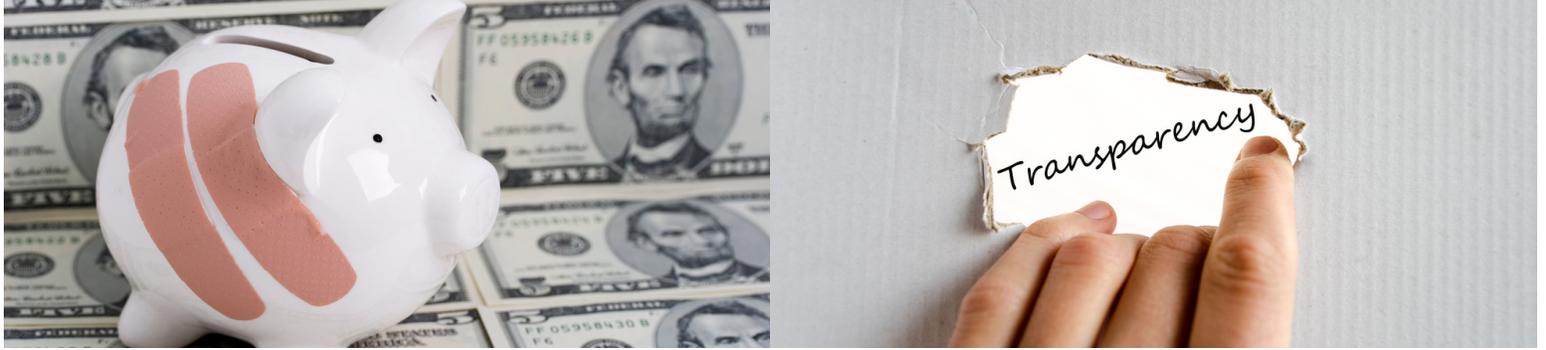
The CT Senate Republican Plan would establish a prescription drug importation program in CT, administered by the Department of Consumer Protection, which will allow for the importation of safe and lower cost prescription drugs from Canada pending federal approval.

Under one pathway defined by federal guidance, states, wholesalers, or pharmacists could submit plans for demonstration projects for HHS to review outlining how they would import Health-Canada approved drugs that are in compliance with section 505 of the Federal Drug and Cosmetic Act. This bill establishes how this would work on the state level here in Connecticut.

Under the CT Senate Republican proposal, DCP would be authorized to submit a plan to HHS for approval. If approved, the legislature would need to vote on the plan prior to the program beginning. While many of the technical details of the plan would be left to DCP and DPH, the legislation lays out parameters.

To ensure public safety, the proposed legislation would require laboratory testing of a statistically valid sample size for each batch of each drug imported by wholesalers. Wholesalers would also need to provide specific information to DCP.



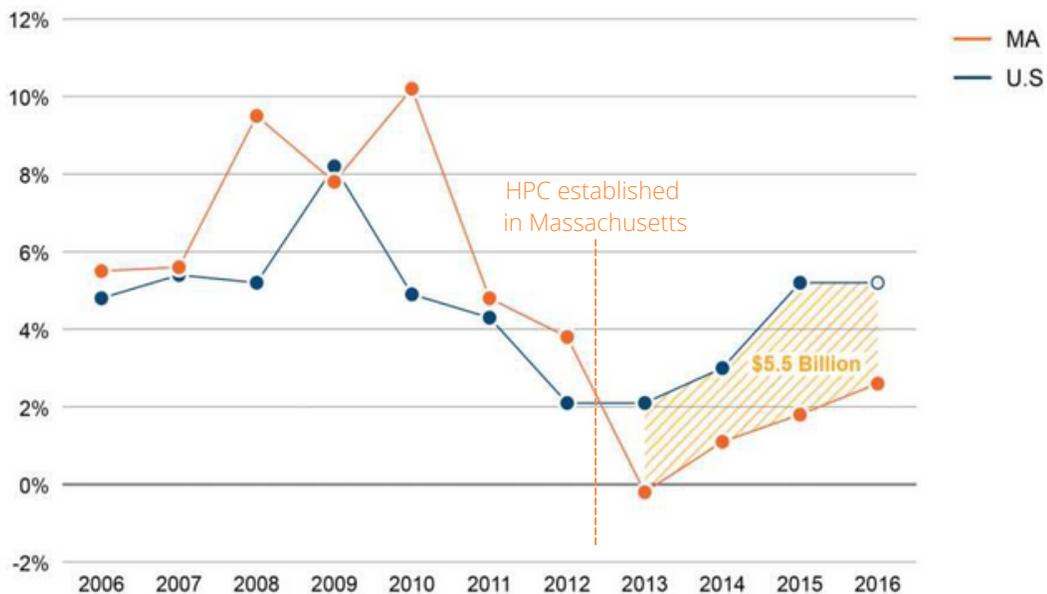


# REDUCE GROWING COSTS OF HEALTH CARE: BENCHMARKING

Our plan will implement health care cost growth benchmarking similar to the program that has successfully kept health care expenses from growing out of control in Massachusetts. Under Republican Governor Charlie Baker's cost containment policies, spending on private health insurance in Massachusetts has been consistently lower than the national rate. Benchmarking in Massachusetts saved consumers over \$5 billion between 2013 and 2016.

## In recent years, growth in spending on private health insurance in Massachusetts has been consistently lower than national rates

Annual growth in commercial health insurance premium spending from previous year, per enrollee, MA and the U.S.



Notes: U.S. data includes Massachusetts. Center for Health Information and Analysis data are for the fully-insured market only. U.S. data for 2016 is partially projected.  
 Source: Centers for Medicare and Medicaid Services, State and National Healthcare Expenditure Accounts and Private Health Insurance Expenditures and Enrollment (U.S. and MA 2005-2014); Center for Health Information and Analysis Annual Reports (MA 2015-2016)

The benchmark is set to MA's long-term economic growth rate  
 2013 - 2017 = 3.6%  
 2017 - 2018 = 3.1%  
 Courtesy of MA HPC

# OUR VISION FOR SUCCESSFUL BENCHMARKING

Connecticut would implement cost benchmarking by setting a target for controlling the growth of total health care expenditures across the state by collaborating with stakeholders. Under our vision, the makeup of this program will be sensitive to and protect people who are marginalized so that complex care patients will not get lost in the process. Once that benchmark is established, the state would collect data to measure cost growth against the benchmark, publish public reports to identify cost drivers, and utilize governmental tools to boost transparency and contain spending. If the target is not met, the state can require health care entities to implement improvement plans and be subject to further monitoring by the state. Benchmarking will also increase transparency by requiring health care entities to report cost information to the state. If a certain health care provider is struggling to meet a benchmark, state officials could work with the provider to consider and evaluate other strategies to help them contain costs.

Savings achieved through benchmarking will be invested back in to health care by funding the reinsurance program into the future.

The core goal of benchmarking is to gather the information needed so the state can work with all stakeholders and providers to take action and produce better health care at a lower cost for all people.



# HEALTH EQUITY

Our plan will investigate disparities in the health system so we can deliver on health equity for all people no matter gender, race, background or sexual orientation.

While we have accomplished many bipartisan achievements to increase access to care, health equity remains a serious problem throughout the country, including right here in Connecticut. The pandemic has shown an even brighter light on the disparities within health care systems that must be better understood so that equity can be achieved for all. In order to develop the most effective solutions we need to better understand the issue including where and why problems exist.

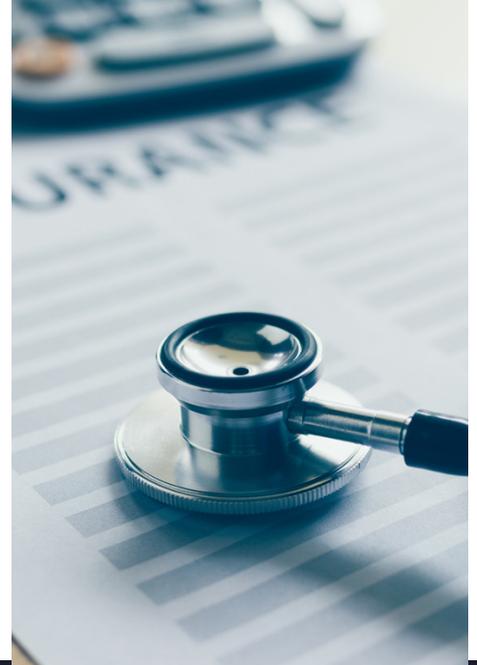
Our plan initiates more research into health equity in Connecticut specifically to improve health outcomes for all people. A taskforce will be able to more closely study if and how better data collection and reporting can lead to more informed policy decisions and what those policy concepts might include.

As we move forward with policies that seek to reduce health care costs and increase access for all people, we also need to ensure health care equity is part of the discussion.



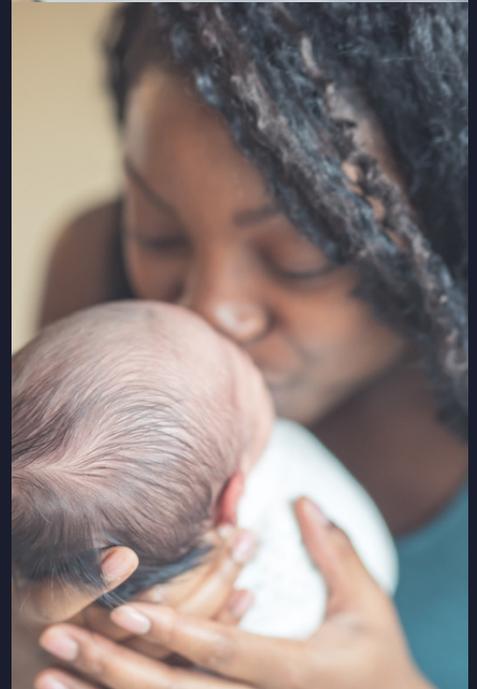
Black and Latino residents are more likely than white residents to be uninsured, to die before reaching adulthood and to report being in poor health.

(CT Voices for Children, 2020 report)



Babies born to Black mothers are more than four times as likely to die before their first birthday as babies born to white mothers in Connecticut.

(CT Heath Foundation 2020 report)



Black CT residents are more than twice as likely to die from diabetes. Black men are nearly twice as likely to die from prostate cancer as white men.

(CT Heath Foundation 2020 report)



# PROTECT GOOD PAYING JOBS

Our ideas focus on a core issue in our state: the affordability and accessibility of quality health care. At the same time, we understand how important our insurance industry is to our economy. After all, we are known as the "Insurance Capital of the World," and we want Connecticut to stay that way.

By contrast, Connecticut Democrats are pushing a national partisan concept, which fails to reduce healthcare costs while putting the state of Connecticut in direct competition with one of our main job sources: the insurance industry.

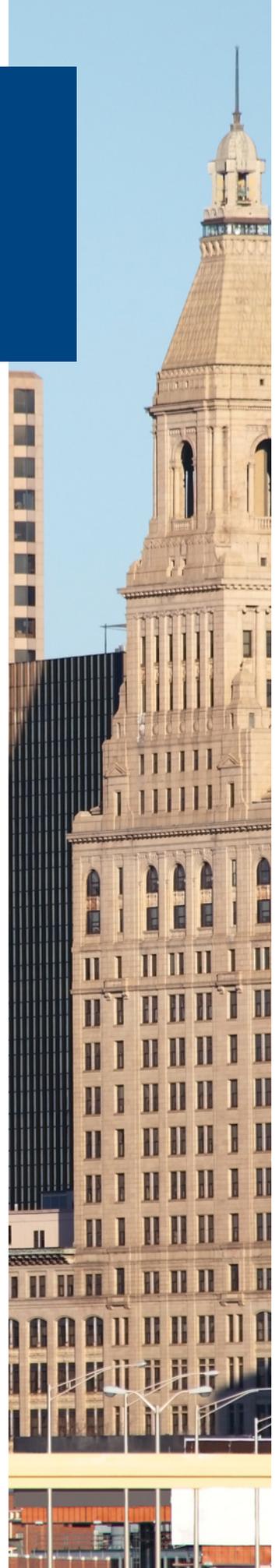
We cannot put jobs in jeopardy at a time when our state is already dead last in the nation on jobs and income growth and when Connecticut private-sector employment fell by 1,000 jobs in December and is lower by 84,200 from a year earlier. We must seek ways to reverse this troubling trend, not make it worse.

## 48,500 PEOPLE

Are employed by CT's insurance industry.

## \$15.5 BILLION

In direct and indirect economic activity is generated by CT's insurance industry.



# TRANSPARENCY

**Our plan will require audits of the “Cadillac” health plans offered by the state, which are back-stopped by the Connecticut taxpayer.**

**Our goal is to protect middle class families and increase government transparency.**



# GAINING SUPPORT FOR OUR BETTER WAY

We already have support for many of these ideas. The Governor has begun implementing a strategy on addressing health care cost growth benchmarking with an executive order, because Democratic legislators refused to advance it in the legislature.

The Governor has also expressed support for reducing insurance premiums, a proposal that Democrats have rejected. But we differ on how to pay for the program, as we advocate for a model that does not tax middle class families and that results in the greatest savings for CT residents and leverages the most federal dollars to reduce the costs of insurance premiums.

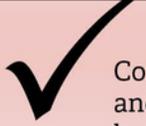
The work now continues. We want to make health care more affordable and accessible for all people. For years we have heard people promise to achieve this goal. It's time to move Connecticut forward with a better way.



# **A Better Way** to Affordable Health Care

<b>Senate Republican Health Care Plan</b>	<b>Democrats' Public Option</b>
<p><b>More affordable private insurance</b> Reduces health insurance premiums by up to 29.5% (average savings of \$525 per month)</p>	<p><b>More expensive private insurance.</b></p> <ul style="list-style-type: none"> <li>• Puts a new tax on health insurance</li> <li>• Would make premiums for private insurance even more expensive.</li> </ul>
<p><b>Lowers health care costs.</b></p> <ul style="list-style-type: none"> <li>• More affordable insurance</li> <li>• Controls growth of health care costs</li> <li>• Reduces prescription drug costs</li> </ul>	<p><b>Does nothing to reduce costs of care.</b></p>
<p><b>Keep your coverage &amp; get relief</b> Families can keep their health care, keep their doctors, keep their insurance and still get relief.</p>	<p><b>Give up your coverage, no guaranteed relief</b> To get any relief, families would have to switch to a government run health product. It will increase the costs of private insurance.</p>
<p><b>Financial relief</b> Helps the uninsured and underinsured by making all insurance on the private market more affordable and accessible.</p>	<p><b>Another hit on families' wallets</b> Creates a new tax on health insurance. Saddles middle class families with higher private insurance costs and more taxes at a time when they can least afford it.</p>
<p><b>Maintains protections guaranteed under the ACA</b> such as preexisting health conditions, coverage for children up to age 26, and essential health benefits.</p>	<p><b>Does not guarantee ACA protections.</b> This is not traditional insurance, therefore there is no requirement that a public option must offer the protections of the Affordable Care Act. In fact, it can discriminate against preexisting conditions, causing adverse selection.</p>
<p><b>Regulated by the nation's top insurance regulators.</b></p>	<p><b>Not traditional insurance, so not regulated by the CT Insurance Department.</b> No oversight to ensure numbers add up to protect taxpayers from being on the hook for shortfalls.</p>
<p><b>Does not threaten good paying jobs</b></p>	<p><b>Threatens jobs in the private insurance industry,</b> Puts 48,500 jobs in CT and \$15.5 billion in economic activity at risk.</p>
<p><b>Health equity component.</b> Investigates disparities in the health system so we can deliver on health equity for all people no matter gender, race or background.</p>	<p><b>No provisions on health equity.</b></p>

# A Better Way to Affordable Health Care

	Senate Republican Health Care Plan	Gov. Lamont's Health Insurance Tax
<b>No New Taxes</b>	 Does NOT contain the health insurance tax proposed by Democrats and the Governor.	 Contains a \$50 million assessment on health insurance, hurting middle class families.
<b>Making Insurance Premiums More Affordable</b>	 Authorizes a reinsurance program   Pays for the reinsurance program by <ul style="list-style-type: none"> <li>• Prioritizing within existing budget funds</li> <li>• This in turn leverages the most federal matching dollars.</li> </ul>  Reduces premiums by up to 30% (an average savings of \$525 per month for a Connecticut family.)	 Authorizes a reinsurance program   Pays for the reinsurance program by <ul style="list-style-type: none"> <li>• Taxing health insurance, hurting middle class families</li> <li>• Because the governor's proposal contains this new tax, it does not leverage the same amount of federal funds that would be distributed to the state under the Republican plan.</li> </ul>  Unclear how much of a savings this will yield because reinsurance plans involving assessments on insurance result in lower savings and less federal investment.
<b>Reducing Prescription Drug Costs</b>	 Reduces prescription drug costs by establishing an importation program with Canada.	 ? Seeks to cap prescription drug cost growth. Legality of the proposal in question.
<b>Controlling Health Care Cost Growth</b>	 Contains language to authorize and follow through with a benchmarking program to rein in the growing costs of health care. A similar program has already saved Massachusetts residents billions of dollars.	 We commend the governor for beginning the process to implement a benchmarking program under an executive order. But no language has been proposed to codify this effort into law to ensure work continues now or beyond the current governor.
<b>Promoting Health Equity</b>	 Investigates disparities in the health system so we can deliver on health equity for all people no matter gender, race or background.	 No provisions on health equity.