

OPINION

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BIG SAVINGS POSSIBLE

Cut HMOs Out Of HUSKY Health Care

 By **SHELDON V. TOUBMAN**

Gov. Dannel P. Malloy and the General Assembly are facing a huge budget shortfall. The governor understands that government has to be smarter to keep essential services, such as the safety net for the needy, while addressing the deficit. Connecticut has an opportunity to do just that by using a proven, cost-saving system to deliver health care to the more than

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400,000 children and parents served by the state-subsidized HUSKY health care plan.

That cost-saving system is primary care case management, also call PCCM, which does not use health maintenance organizations. Instead, the state pays primary care providers a modest \$7.50 per patient per month to coordinate all health care for their patients. This method delivers better care because it builds on the patient-provider relationship and does away with HMO profits from denying needed care.

Most states use PCCM for their HUSKY-type programs. In March 2010, the Connecticut legislature's research arm revealed that other states have saved

millions through PCCM. For example, administrative costs for PCCM in Pennsylvania are almost half the administrative costs of that state's HMO-run HUSKY-type program.

In 2004, Oklahoma went from three HMOs to a statewide PCCM program, saving \$23.9 million in medical payments just in the first six months. Oklahoma continues to save millions while improving access to needed medical care and reducing emergency room visits. More doctors now participate and more kids are being immunized.

How does PCCM save a state millions? Coordinating care saves money because there are fewer costly complications and it

keeps people out of expensive emergency rooms. Cutting out HMOs saves money on their high administrative costs, executive compensation and profits. In the HUSKY B program, a recent Department of Social Services report found that one HMO was spending only 62 percent of the taxpayer funding it received on health care.

Four years ago, Connecticut's legislature told the Department of Social Services to start a PCCM pilot, covering at least 1,000 people. Legislators were concerned that Connecticut's HMO-run program is not providing decent health care and is not accountable to taxpayers,

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while insurers keep demanding more money.

Unfortunately, the Rell administration thwarted PCCM, in deference to the insurance industry threatened by this cost-effective program.

The Rell administration also actively favored the insurers. For example, it authorized the HMOs to spend millions on marketing to expand their name recognition, including billboards and free

ice cream. By contrast, even though the state budget included \$5 million over two years for PCCM implementation, almost no money was spent to promote the program. Instead, the Department of Social Services used most of the \$5 million to cover budget holes, including part of the \$50 million hole created by overpayments to the HUSKY HMOs, identified by an independent audit commissioned by then-State Comptroller Nancy Wyman.

At the same time, Department of Social Services policies severely restrict

PCCM-participating doctors in what they can tell their HUSKY patients. So, HUSKY families have not been given any meaningful information about their options.

These actions propped up the expensive HUSKY insurers and limited enrollment in PCCM, depriving families and the state of a feasible alternative to the deeply troubled HMO-run program.

Fortunately, Gov. Malloy is not so narrow-minded. In his campaign book, he said he would expand Connecticut's PCCM

system, HUSKY Primary Care, "to 400,000 low-income children and parents in the HUSKY program. ... this will deliver better care at a lower cost."

Unchecked state spending that only benefits special interests must come to an end. Connecticut should act only in the best interests of taxpayers and Connecticut families who depend on the safety net. It is time to replace the failed, expensive, insurer-run HUSKY experiment with a better system that has proven itself around the country.