

MEDICAID, HUSKY

# State Will Self-Insure To Save On Costs

## Malloy Also Expects Improved Care

By **RINKER BUCK**  
rbuck@courant.com

Following the lead of other states, Connecticut will convert to a new system of self-insurance to improve quality and save costs on its \$4 billion health care program for some 600,000 people covered by Medicaid and HUSKY.

At a press conference on Tuesday, Lt. Gov. Nancy Wyman and Benjamin Barnes, secretary of the Office of Policy and Management, announced the change, the first of many health care reforms expected from the new administration of Gov. Dannel P. Malloy.

Under the present system, the state pays insurance companies and health maintenance organizations a per-capita monthly fee, averaging about \$200 a month, both to manage the care

Hartford Courant

# CTNOW

1★

WEDNESDAY,  
FEBRUARY 9, 2011



## Self-Insure

Continued from Page B1

and pay doctors for the care of each state resident covered by Medicaid and HUSKY. The flat fees for each patient are renegotiated every few years based on predictions of what care will cost, and the insurance companies accept the risk that their payments to doctors will be lower than the fees collected from the state, guaranteeing them a profit.

But the fees paid by the state have been steadily climbing as insurance companies insist on higher rates to guarantee profits, and three separate companies handle various segments of the Medicaid and HUSKY

programs.

Under the new plan, which state officials want to go into effect by January 2012, Connecticut will pay doctors and hospitals directly for care, in effect insuring itself instead of asking a third party to assume the risk. Barnes said that actuarial studies show that the risk of rapid fluctuations in costs, when spread over as many as 600,000 patients, is actually quite low.

The shift does not require legislative approval. To manage the program, Connecticut will solicit bids to create a contract with a private company to provide administrative services now handled by insurance companies. The contract also will reward the company for efficiently managing patient call centers and referral services and for analysis of complicated cases.

"We believe the creation of this new system is very well aligned to federal health care reform," Wyman said. "We're spending about \$4 billion a year, out of a total budget of \$19 billion, on these programs, and we have to keep an eye on saving money here because it's such a big part of the budget."

Health care advocates have long advocated changing to a self-insurance program.

"This is going to save the state as much as \$50 million a year while greatly improving accountability and quality of care," said Ellen Andrews, executive director of the Connecticut Health Policy Project in New Haven. "North Carolina saved \$1 billion over the last 10 years by the same reform, and we expect similar benefits for Connecticut."

SELF-INSURE, B8