

## **How Connecticut Eliminated Managed Care in Medicaid - Feb 2019** - talk, presented to the PNHP-NYMetro Research/Study Group

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### **Talking Points**

*After a determined campaign, health advocates in Connecticut successfully got the state to drop private insurers from its Medicaid program. In February of 2012, Gov. Malloy announced the move as a way to reduce state spending and improve care, having found the existing system to be "overly profit-driven." Leading the campaign were the New Haven Legal Assistance Association and the Connecticut Health Policy Project. This article details the approach Toubman and team took to acquire the data showing that CT's for-profit MCOs were costing too much and harming health, the benefits that followed deprivatizing the MCOs, and the continuing threat from for-profit corporations encouraging CT to transfer "risk" back to the private sector.*

Once revealed, financial and coverage audits showed various kinds of fraud and that MCOs

- cost CT more,
- put no brakes on cost increases,
- offered directories of physicians where 75% wouldn't offer appointments (including for behavioral care),
- came near to eliminating preventive care,
- refused coverage for prescriptions Medicaid covered,
- offered provider reimbursement rates below what Medicaid offered,
- allowed denials of coverage that violated CT law
- allowed denials of coverage that violated Medicaid regulations and coverage,

After Connecticut de-privatized its Medicaid program, evaluation of program costs, services, and outcomes became far more transparent:

- Connecticut Medicaid member per month costs decreased 14% from \$706 in the first quarter of 2012 to \$610 in the first quarter of 2018.
- Connecticut, one of the highest health care cost states in the country, had per-enrollment costs drop from the 9th highest, to 22nd
- Administrative costs dropped from 20% to 25% (and even 40% among some plans) to 3.5% (meaning \$96.50 out over every \$100 spent on healthcare)
- Preventive care increased 16.3% from 2015 to 2017
- Hospital admissions per thousand decreased 6.29%, readmissions decreased 3.52%.
- Intensive Care Management cost of care for "frequent flyers" dropped 12% in 2017 because of aggressive coordination, outreach, and follow-up
- ER usage dropped 25% and hospitalization dropped significantly