



**Governor Ned Lamont
State of Connecticut**



FACT SHEET
2020 Legislative Session

**HOUSE BILL 5018
AAC HEALTH CARE COST GROWTH IN CONNECTICUT**

Summary of Proposal:

Sections 1 – 9 codify Governor Lamont’s Executive Order #5 (directing OHS’ new benchmark initiative) by providing additional authority for OHS to collect and protect data and enforce its authority through review and approval of cost and quality performance improvement plans.

They specifically authorize the Executive Director to:

- develop annual statewide healthcare cost growth benchmarks for total health care expenditures across all payers and populations beginning December 1, 2020
- set annual targets for increased primary care spending as a percentage of total healthcare spending to reach 10% by 2025
- develop annual quality benchmarks across all public and private payers beginning calendar year 2022—including clinical, utilization and patient safety measures
- monitor and report annually on benchmark findings - including clinical, utilization and patient safety measures
- conduct public hearings to discuss factors contributing to costs beyond benchmarks with relevant providers, payers, drug manufacturers, pharmacy benefit managers, device manufacturers
- require health care entities exceeding cost growth benchmarks to develop performance improvement plans
- monitor accountable care organizations and the adoption of alternative payment models

Those sections also:

- define health care entities subject to benchmarks and entities whose data will be included in the analyses
- require production of data to assure there is not duplicative reporting required
- protect certain proprietary data from disclosure

Sections 10 - 15 require DCP to implement a *Canadian Prescription Drug Reimportation Program* which will provide for the importation of safe, effective drugs from Canada. Specifically, the language

- requires that the Commissioner submit a request to federal Secretary of Health and Human Services by July 1, 2021 seeking approval for the program and details what the application should include
- define wholesalers and delineates their responsibilities under the initiative
- defines Canadian suppliers and their responsibilities
- authorizes the Commissioner to suspend importations if it is discovered that such distribution or importation violates any relevant provisions
- requires Commissioner of DCP to adopt regulations to implement the program in consultation with Commissioner of Department of Public Health

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Sections 16 – 22 codify Connecticut Insurance Department Bulletin HC-126, dated May 6, 2019. This bulletin, the substance of which derives from bulletins issued in 2014 and 2015, provided regulatory guidance and clarity on stop-loss insurance policies (a/k/a Excess Reimbursement Insurance Policies or Excess Insurance Coverage Policies). Codifying this bulletin provides protections for small business employees and small businesses that purchase stop loss insurance policies. Specifically, these provisions:

- Identify minimum attachment points and aggregate attachment points and sets forth formulas for these attachment points;
- Identify items that will not be allowed in practice;
- Identify situations when only layering may be used and puts limits on such usage; and
- Differentiate between active and retiree stop loss products.

Reason for Proposal:

To address and improve trends such as the ones delineated below:

- CT's healthcare costs have grown 77%; wages 21% in the past 15 years – far exceeding the rate of growth of consumer prices and the state's economy
- Because of this, Connecticut employer-sponsored insurance premiums have grown 2 1/2 times faster than personal income and individuals continue to pay more in premiums and out of pocket costs.

Quality Improvements

- CT is slipping in quality measures on avoidable hospital use and cost, access, health disparities, readmission rates, patient infection rates.

Primary Care Emphasis

- Investing in primary care and care coordination mitigates higher cost alternative by finding and treating problems before they become major conditions.

Significant Impacts:

Bill addresses the high cost of health care for Connecticut residents through targeted strategies including annual benchmarking and drug reimportation

- This benchmarking initiative is modeled after Massachusetts' program that is credited with saving their state over \$5.5 billion in health care costs over what would have been spent if costs continued to grow at the national rate of spending.
- Connecticut should see similar savings through lowered rate of growth of health care costs. These savings should accrue to state government and employer/employee costs allowing CT to attract businesses and residents.
- Improvements in quality and primary care will remove unnecessary expenses, reduce emergency services and avoidable complications and result in better health outcomes for CT residents.