



2022 HEALTHCARE AFFORDABILITY STATE POLICY SCORECARD

A CASE STUDY ON CONNECTICUT

Polling data repeatedly shows that healthcare affordability is a top issue—often the number one issue—that state residents on both sides of the political aisle want their policymakers to work on. To inform policy conversations and support policymaker responsiveness, the Altarum Healthcare Value Hub’s Healthcare Affordability State Policy Scorecard ranks states’ performance on a broad set of policies to make healthcare more affordable, within the following four policy domains:

- Curbing Excess Prices in the System;
- Reducing Low-Value Care;
- Extending Coverage to All Residents; and
- Making Out-of-Pocket Costs Affordable.

Connecticut was one of the states that saw the most healthcare affordability policy progress in 2021. While we strongly discourage comparing scores and ranks between iterations of the Scorecard, we also want to highlight states that have undergone substantial healthcare affordability policy progress during this time, such as Connecticut. Connecticut is a leader in healthcare affordability policies, namely with its Office of Health Strategy¹—which implements policies to improve access and affordability for state residents—and its healthcare affordability index—which measures the impact of healthcare costs, including premiums and out-of-pocket expenses, on a household’s ability to afford all basic needs.² The Democratic party has held the Governor’s Office and majorities in the Senate and House for over ten years, easing barriers to enacting progressive health policies: The state has continued to pursue reforms to enhance quality, access and affordability of care for all of its residents.

This report provides a deep dive into the specific policies that Connecticut implemented in 2021, which focus on the “Curbing Excess Prices in the System” and “Extending Coverage to All Residents” domains—healthcare cost growth benchmarks and providing affordable coverage options for people whose incomes are too high to qualify for Medicaid.

HEALTHCARE COST GROWTH BENCHMARKS

Connecticut implemented their healthcare cost benchmarking program in 2021 in order to constrain growing healthcare costs. The benchmark is based on total healthcare expenditures and is mandatory for all providers. The Office of Health Strategy (OHS) determines the rate at which healthcare cost growth is capped, starting at 3.4% in 2021 and decreasing to 3.2% in 2022 and 2.9% in 2023. In addition, OHS established primary care spending targets and healthcare quality benchmarks that went into effect in 2022, alongside the cost growth benchmark. The benchmark program does not have enforcement mechanisms, relying instead on public reporting to encourage providers to meet the spending targets.³ The benchmark was enacted through an Executive Order⁴ in 2020 and was codified into state law in 2022.⁵

Massachusetts was the first state to adopt a cost growth benchmark in 2013 and has had varying success with its program: the total cost of care expenditures have been below the benchmark some years and above the benchmark in others; however, the growth rate has remained below the national average.⁶ The benchmark program does have an enforcement mechanism that requires a health system to submit a plan to lower costs, although it was used for the first time in 2022.⁷ Research found that while the Massachusetts' annual Cost Trend Hearings and Cost Trends Reports are important for transparency and highlighting efforts to lower costs, the public's attention to the hearings has waned over time, and these tools are not perceived to be very effective at holding organizations accountable.⁸

Several other states have enacted cost growth benchmarks to try to rein in healthcare costs.⁹ Delaware and Rhode Island implemented benchmarks in 2019 and 2020, respectively; however, neither have enforcement mechanisms for payers to meet the spending targets. Spending exceeded the benchmark in Delaware in 2019, and spending decreased in both states in 2020, likely due to the coronavirus pandemic.^{10,11} Despite inconclusive evidence on the effectiveness of this policy to constrain healthcare costs, Oregon,¹² New Jersey,¹³ Nevada,¹⁴ Washington¹⁵ and California¹⁶ are in the process of implementing cost growth benchmarks, and additional states are also considering legislation for a benchmark program, indicating confidence in a cost growth benchmark's ability to effectively control rising costs.

AFFORDABLE COVERAGE OPTIONS FOR PEOPLE WHOSE INCOMES ARE TOO HIGH TO QUALIFY FOR MEDICAID

In July 2021, the State of Connecticut launched the Covered Connecticut Program, which provides health insurance at no cost to parents and caretaker relatives—who meet all eligibility requirements, including income levels up to 175% of the federal poverty level, but above Medicaid income eligibility levels—for a Silver level plan on the state's Marketplace. The state pays the insurance provider directly for the consumer's premium and covers all of the consumer's cost-sharing amounts. The program was enacted through legislation¹⁷ in 2021 and the state began receiving federal funding support for Covered CT in December 2022 through a Section 1115 Demonstration Waiver.¹⁸

Beginning July 2022, the state expanded coverage to include residents without children and added dental and non-emergency medical transportation benefits to the program. Covered CT is estimated to provide no-cost coverage for up to 40,000 people.^{19,20} Eliminating financial barriers to care for low-income residents who are above the Medicaid income eligibility threshold furthers access to needed healthcare and reduces churn, in addition to alleviating worries about affording care.

FINAL THOUGHTS

Connecticut's policy advancements in 2021 highlight its health policy landscape: prioritizing increased access to and ensuring affordability of healthcare services. While many state residents continue to face affordability burdens, other states can look to Connecticut and its policy infrastructure for paths to improve healthcare affordability.

NOTES

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