



MICHAEL P. STARKOWSKI
Commissioner

STATE OF CONNECTICUT
DEPARTMENT OF SOCIAL SERVICES
OFFICE OF THE COMMISSIONER

TELEPHONE
(860) 424-5053

TDD/TTY
1-800-842-4524

FAX
(860) 424-5057

EMAIL
commis.dss@ct.gov

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The Honorable M. Jodi Rell
Governor
Executive Chambers
State Capitol
Hartford, CT 06106

Re: Status of HUSKY/Charter Oak procurement and plan for gradual enrollment of HUSKY members into newly-contracted insurers, beginning July 1, 2008

Dear Governor Rell:

I was very pleased to report earlier this month that the Department of Social Services has received program bids from three established health insurers to participate in the combined HUSKY Plan/Charter Oak Health Plan procurement for comprehensive health coverage services to Connecticut residents. The bidders, United/AmeriChoice, Aetna/Schaller Anderson, and Community Health Network of Connecticut, followed with cost proposals last Friday, in accordance with the Department's comprehensive request for proposals and procurement process.

United/AmeriChoice and Aetna/Schaller Anderson have products specifically designed to serve Medicaid (HUSKY A) beneficiaries, and are backed by two of the largest health insurance companies in the country. Community Health Network of Connecticut is a not-for-profit plan based on our local Federally Qualified Health Centers, with many years of experience serving HUSKY members and, more recently, State-Administered General Assistance recipients. Based on our repeated emphasis that contractual language as developed for Freedom of Information Act compliance is non-negotiable, I expect that, by submission of bid proposals, all three plans have agreed to abide by your policy of full transparency and compliance with the FOIA.

Assuming acceptance by the procurement evaluation panel and successful negotiation of contracts, prospects are extremely bright for the future of both Charter Oak and HUSKY.

The re-procurement of HUSKY insurers for July 2008 coincides with the ten-year anniversary of the program, marking the first time HUSKY has been put out to bid since its inception. Your authorization of a joint RFP is enabling us to establish continuity of

customer service across income and age levels; support economies of scale for bidding companies; and provide a known population of enrollees in HUSKY to compensate for the comparatively unknown Charter Oak population for purposes of actuarial analysis.

The combined procurement for Charter Oak and HUSKY will cover an estimated average enrollment of 350,000 to 400,000 Connecticut citizens annually for a period of at least three years and up to five years, with a total contract value projected to be in excess of \$3.5 billion over the maximum of five years. Currently, the HUSKY program enrolls over 333,000 children, teenagers, parents, relative caregivers and pregnant women.

Assuming completed evaluations and successful negotiations with any or all of the bidders, we intend to honor our original commitment to begin with the opportunity for full open enrollment on July 1, 2008, in all programs. I will stress the word 'begin' because the Department is planning to gradually ramp up enrollment for current HUSKY beneficiaries to mitigate the possibility of customer service issues during the transition to new insurers.

The following information provides background leading to this strategy for gradual enrollment of HUSKY members into health coverage plans, beginning July 1.

- As of April 1, there are 181,689 HUSKY A beneficiaries receiving their services from the provider network managed by the Anthem Pre-Paid Inpatient Health Plan (PIHP); and 91,926 receiving services from the Community Health Network of Connecticut PIHP. A total of 44,154 HUSKY A beneficiaries are temporarily enrolled in the DSS Medicaid fee-for-service program. In HUSKY B, there are 11,784 members enrolled in Anthem and 4,560 enrolled in Community Health Network (HUSKY B has no fee-for-service enrollments).
- Anthem Health Plans Inc. elected not to submit a bid for the joint procurement, citing FOIA compliance and state resources as factors. Consequently, HUSKY members now enrolled in the Anthem PIHP will be joining another health plan as the state transitions to newly-contracted insurers.
- If Community Health Network of Connecticut is accepted as a successful bidder and contracts for services for July, its enrolled members also have the option of joining another plan. On the other hand, if Community Health Network of Connecticut is not contracted for services, its current members will be required to join one of the newly-contracted plans.
- HUSKY members now enrolled in Medicaid fee-for-service will be returning to a health plan, also beginning in July.

These factors – some unknown at this time – indicate the need for careful planning to ensure a smooth transition from one insurer to another for HUSKY members. Accordingly, the Department is developing a strategic process of phasing in member enrollment.

HUSKY health plan choice – a six-month transition to newly-contracted insurers

This gradual process will provide more time for families to make plan changes and minimize the potential for client/provider problems during the transition. Rather than impose a universal deadline of July 1 to make a choice of health plans, HUSKY members will benefit from a gradual schedule of enrollment – based on county of residence -- to enroll with a newly-contracted insurer. The six-month transition period up to January 1, 2009, will support members and medical providers alike in ease of transition.

The following describes how the process of enrollment in **HUSKY** will work with respect to the current health plans on and after July 1, 2008:

1. **Anthem Health Plans Inc.—extension through calendar 2008.** Anthem will be asked to continue to participate as PIHP contractor through December 31, 2008. During that six-month period, we would transition Anthem's existing membership to the successful bidders on a county-by-county basis.
2. **Community Health Network of Connecticut.** In the event that Community Health Network of Connecticut is a successful bidder, CHN members would only move to a new plan based on their affirmative decision to make the switch. All CHN members would be given the same notice on their new plan choices that clients in Medicaid fee-for-service and Anthem would receive. However, existing CHN members who are non-respondents would not be defaulted to another plan. This would minimize overall plan changes for the 96,486 HUSKY A and B members currently enrolled in CHN.
3. **Medicaid fee-for-service.** HUSKY members currently enrolled in Medicaid fee-for-service will also have an opportunity to transition to a newly-contracted insurer over the six-month period from July through December 2008, also on a county-by-county basis.

In summary, this additional time will provide the opportunity to certify individual provider network adequacy for the insurers awarded contracts and give added assurance that patient care will not be compromised during the transition.

Charter Oak Health Plan

The following describes the intended policy on enrollment in Charter Oak on and after July 1, 2008:

Statewide enrollment in Charter Oak with an effective date of July 1, 2008, remains our intent and goal. Based on Charter Oak participants being new adult enrollees without existing insurance under auspices of the state, there will be no plan-switching or provider customer service issues. The current timetable calls for applications to be available in June, with insurance services to begin on July 1.

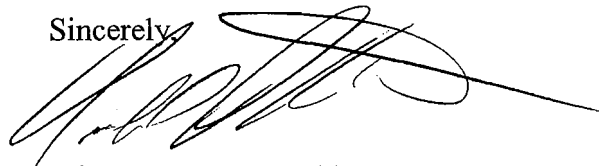
Waiver discussions with federal government

In addition, the Department has been in touch with the federal Centers for Medicare and Medicaid Services (CMS) about an extension of the state's current 1915(b) waiver. The waiver is scheduled to expire June 30, 2008, and we are requesting an additional six months to allow this orderly transition plan for HUSKY members to be implemented. In discussions, CMS has been very receptive to the plan and we do expect its prompt approval of our request for an extension. This extension will allow us to put this transition plan into effect and allow us time to devote to preparation of a full waiver renewal request, in coordination with the recent 'carve-out' of pharmacy services from contracted insurers; the planned carve-out of dental services; and a pilot program for 1,000 HUSKY members under the Primary Care Case Management model.

I believe that the planning for HUSKY will help us achieve an effective and customer-friendly transition to newly-contracted insurers in a manner that is responsive to the needs of our clients and their providers. At the same time, we are anticipating a smooth beginning to covering Connecticut's uninsured adults through Charter Oak.

If you have questions or guidance, or would like further information at this time, please do not hesitate to apprise me. I will, of course, keep you informed of developments and progress as we move forward.

Sincerely,



Michael P. Starkowski
Commissioner

C: Robert L. Genuario, Secretary, Office of Policy and Management
David S. Parrella, Director, DSS Medical Care Administration