



News from:
COMPTROLLER KEVIN LEMBO

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**LEMBO PUTS HEALTH INSURANCE MARKET ON NOTICE
WITH NEW MEDICAL RFP THAT REDEFINES HEALTH CARE
DYNAMIC**

State Comptroller Kevin Lembo announced today that his office has issued a highly competitive request for proposals (RFP) that will redefine the relationship between the state and insurance corporations hired to administer state health benefits, and potentially alter the dynamic of the entire health care market in the region.

The state health plan, which serves approximately 210,000 lives of state and municipal employees, retirees and their dependents, is a self-insured plan, and contracts with Anthem and UnitedHealthcare to administer patient claims and negotiate reimbursement payments with health care providers.

Under the RFP issued this week, Lembo said the dynamic between the state, health care insurers, potential third-party administrators and providers is about to change.

“Employers across the country have long ceded control, responsibility and oversight of health care purchasing to health insurance corporations – but that old way of doing business has been broken for some time,” Lembo said. “We are preparing for a new market-altering dynamic where the state will ensure that corporate health care interests are better aligned with the interests of patients, health care providers and the State of Connecticut health plan.”

The most significant change that Lembo is seeking through this RFP is that the state will have a direct seat at the negotiating table where health insurance reimbursement payments are established between health insurer(s), hospitals and other health care providers.

This RFP was issued the same week that Lembo announced that he recently completed a competitive search to establish the state’s first-ever network of “Centers of Excellence” – a system of hospitals and other providers that verifiably provide the best possible health care outcomes for patients.

Under the Centers of Excellence program, Lembo has selected Remedy and Health Advocate to work with his office to establish a regional network of Centers of Excellence (expected to launch next year) for certain complex planned medical procedures, as well as Carrum Health for a national network. Hospitals and provider groups that receive the designation of a Center of Excellence are those that have demonstrated a sustained commitment to excellence and can demonstrate the best patient outcomes.

Lembo said that the new medical RFP will seek a partner(s) willing and able to work with the state on that effort to establish new contracting with hospitals in order to better align how they're reimbursed with the interests of the state plan, patients and providers.

Here are the key differences between the typical employer-insurance company dynamics and what Lembo plans to change:

| Traditional Market Dynamic | Lembo's Plan |
|--|---|
| Employers cede full authority, with no input, to insurers to negotiate payments with hospitals and providers on their behalf. Employers have little to no details about the negotiated payments. | The state will be front and center at the negotiating table, directly driving reimbursement payment discussions and decisions. The state will have full access to the details of negotiated payments. |
| Health care providers are financially motivated to deliver the highest volume of care instead of the highest quality care with zero dis-incentive to avoid duplicative lab tests and screenings. | Health care providers will be financially motivated to avoid duplicative tests that waste patients' time and money. |
| Patients are forced to shop for health care in the dark, having almost no information whatsoever to guide their choices when selecting providers. | Patients will have key information and assisted guidance in selecting health care providers that have demonstrated an ability to deliver the best health care outcomes. |
| Patients in need of behavioral health have no, or horribly inadequate, resources to guide them to appropriate care. | Behavioral health care will be given the priority and attention that it deserves to ensure that patients are directed easily to appropriate care. |

“This innovation is designed to inspire changes in practice patterns across the entire state and region – supporting a culture of continuous improvement across all hospitals and provider groups in the state,” Lembo said.

Potential bidders must submit an intent to bid by Monday, Sept. 30. After an intensive review process, Lembo said they expect to select a partner(s) sometime in December. The new partnership would be implemented at the beginning of the next fiscal year, which is July 1, 2020.

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