

Connecticut Charter Oak Health Plan

Connecticut's Charter Oak Program – Designing a new insurance product for a previously uninsured population

Situation

The State of Connecticut's Department of Social Services (DSS) implemented a new program, Charter Oak, which was designed to reduce the number of uninsured in the state and provide coverage for adults aged 19-64.

The srHS team was tasked with providing strategic advice and actuarial support throughout the legislative and procurement processes. We strived to design an affordable benefit package that is partially subsidized by the State while hitting a target monthly premium of \$300.

Solution

srHS worked directly with DSS staff to bring the Charter Oak program to life. We were involved with the initial program design and subsequent redesign, and developed the actuarially sound MCO rate ranges. Also, as part of the joint procurement with

the HUSKY Medicaid programs, we designed the RFP, supported DSS by answering questions from bidders and supplying additional information, and negotiating the final rates paid to the MCOs.

It was important to have a rich enough benefit package that it would be attractive to potential buyers, yet still remain affordable enough to allow them to purchase the coverage regardless of their income level. srHS helped DSS decide what benefits were essential, the appropriate cost sharing, and at what levels the sliding scale premiums should be set at.

As there was no Charter Oak historical experience data to work with and build appropriate capitation rates, srHS started with a Medicaid base and adjusted for differences in benefits, demographics, and trended the data forward to the relevant time period. One of the most critical assumptions was determining the risk of those that would ultimately enroll in the program. To do that, srHS created a selection model that used the elasticity of demand to project enrollment based on premium cost to the enrollee, covered benefits, and cost sharing. All of these adjustments resulted in actuarially sound capitation rate ranges for the Charter Oak program.