



News from

COMPTROLLER KEVIN LEMBO

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COMPTROLLER LEMBO ANNOUNCES HEALTH CARE SAVINGS OF OVER \$350 MILLION

Comptroller Kevin Lembo announced on Wednesday that projected costs for the state health plan decreased by \$100 million this week and are now \$350 million below initial budgetary estimates in October.

The savings have been achieved through a combination of programmatic success, strong contractual terms, and a decrease in utilization due to COVID-19.

“Through aggressive negotiations, smart plan design and constant oversight, the state health plan has achieved significant savings,” said Lembo. “This is how you lower the cost of health care. By actively managing the plan on behalf of both members and taxpayers, we have shifted the health care dynamic towards high-quality care while holding down costs. We’re proving that you can bend the cost curve without pushing patients further away from the services they need to stay healthy.”

Some key aspects to the projected savings include:

- A new Medicare Advantage contract negotiated at far lower rates than projected.
- The success of long-term savings programs aimed at surgical avoidance, preventive care, and treating chronic illnesses.
- Clawing back of unused funds due to the pandemic.
- Prescription drug savings resulting from the recent contract with CVS which ensures the plan has some of the most aggressive commercial pricing in the nation for prescription medications.
- Reserve balances exceeding targets.
- Avoidance of many non-emergency services due to COVID-19.

“The pandemic resulted in a temporary decrease in medical services, which has corresponded to savings in the state health plan, but it has also created tremendous economic need in our state,” said Lembo. “Because my office doesn’t have to inflate profits to please shareholders, or pay its

executives exorbitant bonuses, the \$350 million savings can be immediately incorporated into the budget being negotiated by lawmakers to support vital safety net programs or otherwise benefit taxpayers directly.”

Lembo said the savings show the impact of the plan’s negotiating power and how it can shift the market. Lembo is championing Senate Bill 842, a bill that would create new public options for health care for small businesses and nonprofits by leveraging the success of the state plan.

“The work being done in my office has been a success,” said Lembo. “The only question is: Who gets to benefit from it? Legislators have an opportunity to support the employers in their communities by offering health care options that can utilize all these cost-saving programs without relying on taxpayers to be a backstop. I encourage lawmakers to meet the needs of our constituents — including over 70 percent of small business owners that support a public option — and take meaningful action to make health care more affordable.”

Lembo noted that additional savings could be generated as new cost-saving programs, including direct negotiations with Connecticut hospitals and providers, take hold.

“In my time as comptroller, I have tried to manage the state health plan in a manner that saves taxpayer dollars while still delivering superior care to members and aiding Connecticut’s reputation as the health care capital of the nation,” said Lembo. “It will take constant oversight and maintained fiscal discipline to keep downward pressure on health care costs — particularly prescription drug costs — but I’m pleased that we are seeing positive results from the work we’ve done thus far.”

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