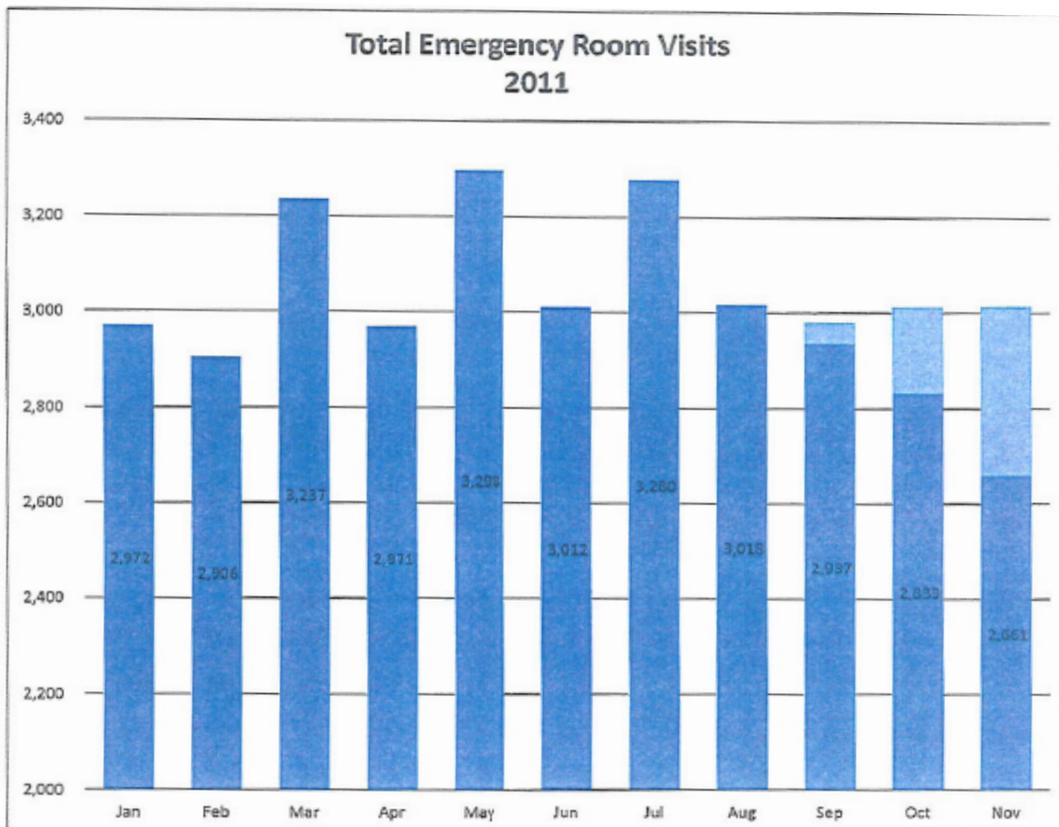


State Health Insurance Changes: Saving Money and Lives

Although the Health Enhancement Plan (HEP) was only recently implemented, we already see indications that state employees are getting better care while reducing long-term costs. **Through increased preventative care targeting high-cost chronic conditions and encouraging the use of generic drugs, the health insurance changes that were accepted by state employees as part of the 2011 agreement between SEBAC and the State are a win-win.**

Emergency room care is far more expensive than a standard doctor's visit. A Rand Corporation study in 2010 found the US spends nearly \$4.5 billion annually on people who use the ER for non-urgent care. The Health Care Cost Containment Committee (HCCC), studying state employee usage, has noticed a decrease in emergency room visits since the implementation of the \$35 co-pay as part of the SEBAC agreement in October 2011.



Lowering the emergency room usage, while detecting illnesses early through preventative care, will save the state millions, reduce overcrowded emergency rooms, and keep state employees healthier. This is only a small portion of total health care cost; however, we expect it to be the beginning of a trend that eventually bends the health care cost curve **for the better.**

Why? Health insurance costs are driven primarily by a small number of sick patients, whose diseases are in many cases manageable if they receive preventative care. **Providing additional health care for those suffering from chronic conditions is another example of how the state's Health Enhancement Plan is targeting the most expensive conditions to keep state employees healthy and save the state money.** The chart below shows the cost to the state for several of the most expensive conditions that are covered by HEP.

<u>CHRONIC CONDITION</u>	<u>COST TO STATE</u>	<u>COVERED BY HEP?</u>
Diabetes Type I & II	\$28.0 million	
Hyperlipidemia (high cholesterol)	\$49.0 million	
Asthma / COPD (Chronic Obstructive Pulmonary Disease)	\$27.8 million	

In 2009, state employees approved changing their health insurance agreement to favor lower-cost but equally effective generic drugs. Over the next few years, generic drugs that are expected to become available will save the state significant funds. Nexium, an ulcer drug, costs \$6.34 per day. Its generic alternative, omeprazole, costs \$1.11 per day. Encouraging usage of the generic version of this one medication will save \$226,130 in the 2013-2014 fiscal year, based on estimates by HCCC, without sacrificing patient health. **Overall, encouraging generics will by conservative estimates save the state over \$4 million and possibly as much as \$9 million per year.**

The preliminary data in this Council 4 AFSCME report show that the best way to deal with our rising health insurance cost is through investing in keeping our members healthy. This is an important lesson for policy makers as they continue the work of putting in place the right building blocks for real health care reform that protects our hard-won benefits while expanding access to those who need better and more affordable health care.

For more information about the Health Enhancement Plan and how it is saving the State of Connecticut money while improving the health care of state employees visit: www.council4.org

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