

Concession deal is dead, but Sustinet rumors live on

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The tentative concession deal negotiated between Gov. Dannel P. Malloy's administration and state employee unions is dead. But suspicions it was linked the Sustinet plan to create state-run insurance live on, complicating chances of striking a new deal to avert up to 6,500 layoffs.

One element of the rumors about Sustinet is easy to debunk: Sustinet does not exist, at least not as a health-insurance program. One simple, incontrovertible fact is that there is no Sustinet coverage plan into which state employees can be enticed or forced.

But from there, the picture gets fuzzy.

Sustinet supporters say their goal--creating a state-run insurance plan to sell to the public, using leverage from the state employee health plan and other state-funded insurance programs to negotiate lower rates--can be achieved in the coming years.

Some modest pieces of the Sustinet plan became law this month without Malloy's signature. Nothing in the law creates insurance to sell to the public, but it does create an advisory board charged with, among other things, developing a business plan for alternatives to private insurance. It also allows municipalities and some nonprofits to buy health insurance through the state, possibly through the state employee health plan. Union approval is required for anything that modifies the state employee health plan.

Union leaders have been longtime backers of Sustinet. But they say it was not connected to the concession deal.

Sustinet "has nothing to do with the tentative agreement," said Sal Luciano, executive director of

Council 4 AFSCME, the largest state employee union, and a member of the board that developed Sustinet. His union was one of four that voted against ratification.

"That was never, ever a consideration that happened in my discussions with labor," said Mark Ojakian, the Malloy administration's chief negotiator on the concession deal. "That was never envisioned at any point in the process, and it just blatantly is not true."

In fact, Malloy has been critical of Sustinet, disappointing the plan's supporters.

In an effort to dispel rumors before union members voted, Ojakian and Daniel E. Livingston, the unions' chief negotiator, signed a statement saying that under the agreement, health care could not be changed again without employee approval until 2022, regardless of anything the General Assembly passed.

Moises Padilla, a correction officer and vice president of an AFSCME local, said the clarification was too little, too late.

"It was so far ingrained by then, it didn't matter," Padilla said.

And as they try to move forward, union leaders face a major challenge: If union members believe they were involved in a plan to sneak changes into their health plan, can the leaders say anything to convince them otherwise?

Health enhancement and Sustinet

Sustinet and the concession agreement have one thing in common: They represent efforts to design health plans to encourage healthy behavior and preventive care--something that many businesses have already been doing.

The concession agreement would have created a "Health Enhancement Program," in which union members would have to get recommended screenings and preventive care or pay an additional \$1,200 a year in premiums and face a \$350 deductible. The idea was to encourage workers to take care of their health, which could lead to lower health care costs in the long run.

Ojakian said the plan was a preferable alternative to simply raising everyone's premiums. In pushing workers to improve their health, he said, it built on some efforts the state has already made, such as sending reminders to employees turning 50 that they should get a colonoscopy.

The development of Sustinet also involved discussions of ways to use the health plan design to encourage people to stay healthy, although that was not a particularly controversial part of the plan.

Luciano said similarities between the plans occurred because "it's good health care policy."

"Regardless of what plan it is, there are certain things from a public health perspective that make sense, and that's why you see similarities," Luciano said.

The cast of characters

Luciano has been central to theories about a link between Sustinet and the concession deal. He and others who worked on the Sustinet plan have been close to this year's efforts to secure concessions from state workers.

Luciano, Comptroller Kevin Lembo and Lieutenant Governor Nancy Wyman were all part of the board that developed the Sustinet plan, largely because of their jobs at the time. The board's composition was dictated by a 2009 law that called for the Healthcare Advocate and the state Comptroller to chair the board. Lembo and Wyman held those jobs. The law, which has since been repealed, also called for there to be a representative of organized labor on the Sustinet board.

Last week, former legislator and Hartford Courant columnist Kevin Rennie posted on his blog what some saw as a smoking gun: A letter from Luciano to Malloy, asking him to support Sustinet and stating that, "The state employee plan will become part of Sustinet."

Rennie wrote that the letter vindicated union members who opposed the concession deal, who he said had been characterized by union leaders as "ignorant and paranoid." The letter showed them to be reasonable and perceptive, he said.

But union leaders say it's not a smoking gun at all. The letter was dated April 14, two weeks after The Mirror reported Malloy's serious doubts about the Sustinet bill still pending in the legislature and a month before the concession deal was finalized.

Luciano said the line described the Sustinet proposal at the time and had nothing to do with the concession deal. He said it shouldn't be a surprise that someone who served on the Sustinet board would push to have the governor support its product.

Council 4 has supported Sustinet from the beginning and never hid that fact, Luciano said. The labor movement tries to build up everybody, he said, and leaders believe that everyone should have access to affordable, quality health care.

"That has nothing to do with the tentative agreement," he said.

Lembo and Wyman have also argued that there was no link between the concession deal and

SustiNet.

Lembo, who remains a strong supporter of SustiNet, published an op-ed on the website CT News Junkie before the unions voted. He described the belief that the health enhancement plan is "just the SustiNet proposal in disguise" as a misconception, "Wrong," he wrote. "[The concession agreement] is a collective bargaining agreement and has nothing to do with SustiNet."

Wyman sent an email to state employees before the vote that said the proposed changes were not related to SustiNet or federal health reform

"Additionally, the legislation now pending in the General Assembly that links state employee healthcare to SustiNet will be vetoed by the Governor if it emerges from the General Assembly, which appears unlikely," she wrote.

The governor

In his second month as governor, Malloy proposed a two-year budget based on \$2 billion in concessions and other labor savings from state employees. During a 17-stop listening tour that followed, Malloy defended his demand for labor savings, saying the current system of benefits was not sustainable.

He left no doubt as the tour progressed that he believed SustiNet would add to the state's financial burdens, not tame them. Today, after guaranteeing with his opposition that SustiNet would not progress this year into an actual health plan, Malloy seems puzzled and annoyed that his tentative deal with labor is seen as a back-handed way to SustiNet.

The governor has expressed frustration about media coverage.

Shortly after the unions voted, Malloy told reporters, "You guys, quite frankly, when all of this was going on, could've done a better job of reporting that I was the guy who curtailed SustiNet, and I was the guy who brought up that we couldn't put state employees into such a plan."

On March 29 at Manchester Community College, Malloy left no doubt about the depths of his concerns, especially about the wisdom of placing control over state health care spending in a quasi-public authority.

"The idea we would move these cost centers from direct government control, particularly our relationship with our employees, and turn it over to a quasi-public entity over which we have no direct control is a bit of a stretch--as in it's never been done before," Malloy said.

The same week, a Malloy's spokesman described the governor's concerns about offering state-run insurance to the public, a key piece of the plan to many Sustinet supporters who said they wanted an alternative to the insurance industry.

Later in April, a week after Luciano wrote his "smoking-gun" letter urging Malloy's support, the administration reached a compromise on Sustinet that left the "public option" dead for the session-- and possibly forever.

Malloy "does not believe that [offering insurance to the public] is a viable option at this point," Roy Occhiogrosso, Malloy's senior adviser, told The Mirror at the time. "He thinks it might not ever be. And he thinks it might not be necessary to achieve the ultimate objective, which is to provide quality, affordable health care for every resident in Connecticut, which is the goal he shares with the Sustinet proponents."

Malloy, who is looking to the insurance industry to add jobs in Connecticut, last month made his own attempt to clear up any beliefs that state employees would end up with Sustinet for their health insurance.

"Nothing further from the truth could be stated," he said. "Anyone who knows inside this building the process that has been undertaken with Sustinet knows that there is no Sustinet offering, period."

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