



## STATEMENT OF AT&T CONNECTICUT

### Regarding Raised Senate Bill 462 An Act Concerning a Fair Share Health Care Surcharge

Before the Labor & Public Employees Committee  
March 9, 2006

#### **Proposal:**

Raised Senate Bill 462 would require a company with 5,000 or more employees, whose business is primarily retail, to contribute to a "fair share health care account."

#### **Comments:**

AT&T Connecticut strongly opposes RSB 462.

RSB 462 is legislation Connecticut can ill afford at a time when lawmakers' declared priority is improving the state's business climate. RSB 462 will increase the cost of doing business in our state, providing another disincentive for companies to relocate and grow here. Under RSB 462, employers would be discouraged from expanding in the state; and those who are prevented from leaving will be placed at a competitive disadvantage. Moreover, the bill does nothing to slow the rapidly escalating costs of health care and health insurance, key barriers today to consumers and employers alike.

This bill is a concern even for companies that provide medical benefits in excess of the amount that would be required to avoid payment of the surcharge. AT&T is a major Connecticut employer, recognized for providing good wages and benefits, yet this bill would impose significant costs. AT&T provides benefits to employees and retirees in virtually every state pursuant to self-funded employee benefit plans governed by ERISA. State-specific data that would be required by RSB 462 does not exist, and the administrative cost of collecting such data would be significant. Meeting the requirements of RSB 462 would shift resources from providing benefits to administration without providing any substantial added value for employees and retirees.

If the public policy advanced in RSB 462 were applied to AT&T, it would interfere with the collective bargaining process affecting more than half of AT&T Connecticut employees. If expanding access to health care is the goal of RSB 462, it is ironic to note that setting requirements for health care expenditures per employee would ultimately encourage companies to reduce or eliminate coverage for retirees and dependents.

#### **Conclusion:**

AT&T Connecticut urges the committee to reject RSB 462. The bill would hurt Connecticut's economy by raising the cost of doing business and sending a bad signal to companies considering relocation here. AT&T Connecticut hopes the committee will instead develop policies that address rising health care expenses for both employees and employers.