

Coalition for a Competitive Connecticut

(as of 3/8/06)

American Bankers Association
American Council of Life Insurers
Associated Builders & Contractors of CT
Associated General Contractors of CT
Association Management Center
Avon Chamber of Commerce
Berlin Chamber of Commerce
Branford Chamber of Commerce
Bridgeport Regional Business Council
CBIA's Manufacturer's Council
Central CT Chambers of Commerce
Chamber of Commerce of Eastern CT
Cheshire Chamber of Commerce
Coalition for Economic Growth & American
Jobs
CT Alarm & Systems Integrators Assoc.
CT Assoc. of Equipment Dealers
CT Assoc. of Health Plans
CT Assoc. of Realtors
CT Assoc. of Temporary & Staffing Services
CT Automotive Retailers Assoc
CT Bankers Association
CT Bituminous Producers Association
CT Business & Industry Association
CT Construction Industries Association
CT Credit Union Association, Inc.
CT Crushed Stone Association
CT Farm Bureau
CT Food Association
CT Jewelers Association
CT Lodging Association
CT Movers & Warehousemen's Association
CT Nursery & Landscape Association
CT Petroleum Council
CT Ready Mixed Concrete Association
CT Restaurant Association
CT Retail Merchants Association
CT Road Builders Association
CT School Transportation Association
CT Tooling and Machining Association
CT United for Research Excellence
Direct Marketing Association
East Hartford Chamber of Commerce
East Haven Chamber of Commerce
Environmental Industry Council
Fairfield Chamber of Commerce, Inc.
Glastonbury Chamber of Commerce
Greater Bristol Chamber of Commerce
Greater Danbury Chamber of Commerce
Greater Manchester Chamber of Commerce
Greater Meriden Chamber of Commerce
Greater Mystic Chamber of Commerce
Greater New Haven Chamber of Commerce
Greater New Milford Chamber of Commerce
Greater Norwalk Chamber of Commerce
Greater Norwich Area Chamber of
Commerce
Greater Southington Chamber of
Commerce
Greater Valley Chamber of Commerce
Greenwich Chamber of Commerce
HMO Association
Home Builders Association of CT
Independent Electrical Contractors of New
England
Independent Insurance Agents of CT
Information Technology Association of
America
Insurance Association of Connecticut
Lumber Dealers' Assoc. of CT
Manufacturing Alliance of Connecticut
Mechanical Contractors Association of CT
Metal Manufacturers' Education and
Training Alliance
MetroHartford Alliance
Middlesex Chamber of Commerce
Milford Chamber of Commerce
Motor Transport Association of CT
National Electrical Contractors Association
National Fed. of Independent Businesses/CT
New Britain Chamber of Commerce Inc.
New England Financial Services Association
New England Spring & Metal Stamping Assoc.
New Haven Manufacturers Association
North Central Connecticut Chamber
of Commerce
Northeastern CT Chamber of Commerce
Northwest CT Chamber of Commerce
Pharmaceutical Research & Manufactures of
America
Plainville Chamber of Commerce
Property Casualty Insurers Association of
America
Prospect Chamber of Commerce
Quinnipiac Chamber of Commerce
Shoreline Government Affairs Committee
Simsbury Chamber of Commerce
Smaller Manufacturers Assoc. of CT
South Windsor Chamber of Commerce
Stamford Chamber of Commerce
The Business Council of Fairfield County
Tolland County Chamber of Commerce
Utility Contractors Association of CT
Waterbury Regional Chamber
West Hartford Chamber of Commerce
Windham Region Chamber of Commerce

TESTIMONY
BEFORE THE
THE LABOR AND PUBLIC EMPLOYEES COMMITTEE
LEGISLATIVE OFFICE BUILDING
MARCH 9, 2006

My name is Bonnie Stewart and I am here today representing the Coalition for a Competitive Connecticut, whose members are listed in the cover page to this testimony.

We are pleased by the bipartisan calls to improve Connecticut's economy and job opportunities for its citizens. We believe there are three important areas that must be addressed in order to accomplish these goals. They include making our costs more competitive, building a dependable infrastructure and ensuring a skilled workforce. Health care costs are a significant slice of the competitive costs pie and the issue that brings me before you today.

With that, we strongly urge this committee to oppose **SB 462 An Act Concerning A Fair Share Health Care Surcharge** as it would create a new "pay or play" health care tax on employers without regard to the primary reason why individuals and companies struggle to maintain health insurance – the skyrocketing cost of health insurance. A "pay or play" health care tax would require employers to pay for employee health insurance through a state-run pool if they're not currently providing coverage that meets standards set by the legislature.

Similar "pay or play" legislation in other states has met with emphatic criticism from newspapers and economists alike. "Any state that imposes a serious employer mandate would soon find itself at a competitive disadvantage in attracting and retaining jobs," said the Washington Post about a similar measure in Maryland. Regarding the Maryland measure, Jason Furman, a New York University professor and former economics adviser to 2004 presidential candidate John Kerry, has said that "... the legislation will not help ... workers in Maryland, and my hope is that other states will see that punitive efforts like this won't be successful."

Proponents of the "pay or play" measure in Connecticut have been clear that they want to extend the tax to nearly all employers in the state. Last year, lawmakers abandoned a "pay or play" tax proposal after the outcry from hundreds of Connecticut businesses, thousands of employees and most of the state's major newspapers.

“Pay or play” health care tax proposals disregard the fact that employers in Connecticut are national leaders in providing health benefits to their employees, ranking fourth in the country. In fact, offering good benefits is critical for businesses to stay competitive by attracting and keeping skilled workers. Ninety-eight percent of CBIA-member companies provide health insurance for their employees and ninety-four percent of Connecticut residents have health insurance, according to the state’s Office of Health Care Access.

“Pay or play” health care taxes also ignore the fact that Connecticut has earned an “A” in terms of earnings and job quality, but only a “D” in terms of employment, including long and short term job growth, unemployment rate and layoffs. Add to these scores the fact that three quarters of Connecticut businesses report that health care costs alone impact their hiring and employment decisions, lawmakers should focus on improving our state’s standing in terms of job growth, not discouraging businesses from looking to Connecticut as potential place to do business.

To this point, site locators – professionals who help businesses find new locations - have repeatedly said that Connecticut’s 2005 “pay or play” proposal dealt a “devastating blow” to the state’s economic image and promoted an anti-jobs and anti-competitive perception about the state.

If the economy, jobs and health care are truly important issues for this committee, as they are for the business community, this committee should reject the “pay or play” health care tax in SB 462 and rather support initiatives that could help improve health care quality and reduce health-benefit costs. Many of these proposals are included in the Nutmeg Health Plan bill (SB 409), including those that would (i) promote e-billing practices among physicians, (ii) allow for the creation of catastrophic plans for individuals, (iii) allow for the creation of reduced mandate plans for certain individuals, (iv) prohibit price-gouging by physicians, (v) require the posting of certain cost-related data in doctors’ offices, (vi) promote increased quality by creating a physician’s report card, and (vii) allow for certain innovative designs in health plans concerning pharmaceutical benefits. These initiatives would not fix our health care system over night, but they would go a long way towards improving the quality of health care, reducing the cost of health care and increasing access to health care.

The 2006 General Assembly began with an overwhelming bipartisan consensus – and public expectation - that Connecticut must dramatically improve its prospects for job creation and economic growth. With that, we urge you to oppose SB 462. Thank you for your consideration.