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Testimony for HB's 6678 and 6333

Good Afternoon Senator Prague, Representative Ryan, and the Labor and Public Employees Committee. My name is Rhona Cohen O'Brien, and I am here representing CCRG's Health Care For All Coalition supporting HB's 6678 AN ACT INCREASING THE AVAILABILITY OF HEALTH CARE FOR CONNECTICUT WORKERS, and HB-6333 AN ACT EXPANDING THE STATE EMPLOYEE HEALTH INSURANCE PLAN. I think that these two bills are connected in that the first points, at least in part, the way forward toward achieving the second in an affordable and equitable way. By expanding the state health employee plan (HB 6333) we would establish a state health pool which could ensure affordable healthcare for all Connecticut residents. But how do we ensure the quality of that health care. HB 6678 requires that health insurers and other entities that deliver or promise to deliver group insurance have at least an 87.5 percent medical loss ratio. This would mean that at least 87.5 percent of the money consumers spend on their health care insurance costs would be spent on providing them with the health care they are buying.

In a New England Journal of Medicine article it was reported that the estimated per capita cost of health care administration was \$1059 in the US, these costs accounted for 31% of total health care spending.¹ 2005 research of CT's system bears out this figure, with the average MLR at 70.41%. Consumers deserve health care accountability and supporting HB 6678 would ensure that accountability. We must come together and insist that the money we spend on health care goes to health care costs. Health insurers continue to report record profits while individuals and employers struggle to pay rising premium costs. Premiums for employer-sponsored health insurance in CT are rising faster than wages. It is outrageous that insurers continually attempt to weaken consumer protections in the guise of eliminating mandates, while their profits continue to rise. Their health care model is unsustainable. Families and businesses pay more and more for less and less, and it's time to do something about it. We need to move from a system that focuses on profits to a system that focuses on health care. This bill would require that health insurers only spend 12.5% of their premium dollar on administration and profit and 87.5% of their premium dollar on medical and health care.

HB 6333 proposes that the State of Connecticut Comptroller's office administer a greatly expanded health insurance pool. The plan on the table today is universal in that all state

¹ Woolhandler S et al. Costs of health care administration in the United States and Canada. *N Engl J Med* 2003 Aug 21; 349:768-75.

residents under 65 are covered either through their work place or through a state pool from which they can chose among several plans.

Premiums will be paid on a sliding scale, based on income. We need a state pool with multiple plans that is created through the consolidation of all employed residents who are uninsured. Employers who offer coverage will save money by becoming part of a larger pool, that includes consumer premium payments and state and federal health care dollars. Savings in premiums come from at least 60% of state residents being part of the pool, achieving a balance of healthy lives and higher-risk lives. Savings also come from administrative streamlining. Prevention and wellness such as obesity reduction, management of chronic diseases like diabetes, and smoking cessation are supported and rewarded through inclusion as covered benefits. Consumers receive premium discounts and employers get credits for offering health and wellness programs. Finally -- Primary care and public health systems are strengthened through the stabilization and expansion of a system of school-based clinics, community health centers, and other primary care clinics.

Finally, in your discussion of HB 6333 I would ask that you all remember to carve out a policy that ensures the creation of a high quality, affordable, sustainable, health care system. The time for bandaids has passed, now we need the vision and leadership of you our legislators to create a responsive and all inclusive system of health care that we can all depend upon to keep us healthy. And, when we are not healthy we need a system that supports our struggles back to good health. For that we need a health care system that is no longer broken, one that is whole and is guided by principles of care rather than profit.