CBIA
Connecticut **Business&Industry** *Association*

TESTIMONY
BEFORE THE
PUBLIC HEALTH COMMITTEE
LEGISLATIVE OFFICE BUILDING
FEBRUARY 26, 2007

- **HB 6693, An Act Concerning Creation of a State Health Care Plan**
- **HB 6697, An Act Establishing the Connecticut Health Quality Partnership**
- **HB 6332, An Act Increasing Access to Health Care**

My name is Eric George and I am Associate Counsel for the Connecticut Business & Industry Association (CBIA). CBIA represents approximately 10,000 businesses throughout Connecticut and the vast majority of these are small companies employing less than 50 people.

CBIA would like to comment on several bills before the committee today. By way of background, the issue of health care is very important to the business community as we have seen health care costs skyrocket over the years. After numerous years of double-digit and near-double-digit increases, health insurance has quickly become a product that many people and companies find they can no longer afford. In addition, the cost of health care directly affects businesses' ability to create new jobs. In fact, according to CBIA's latest survey of our membership, over three-quarters of our members indicated that rising health benefit costs are negatively affecting their ability to hire additional workers.

HB 6693, An Act Concerning Creation of a State Health Care Plan

CBIA would like to offer comments on **HB 6693, An Act Concerning Creation of a State Health Care Plan**. The bill is in proposed bill format and does not provide any details except to say that such a state health care plan "shall be available to all state residents who are ineligible for Medicare." While CBIA strongly supports increasing access to health insurance through measures that improve the quality of health care and reduce its cost, CBIA has grave concerns with any plan that would abandon our current employer-sponsored health insurance (ESI) system and supplant it with a government-run, single-payer system.

CBIA strongly supports driving value in our state's health care system by improving quality, reducing costs and thereby increasing access. However, we strongly oppose efforts to undo our ESI system. Such an abolition of ESI could have devastating effects in terms of the quality of care that residents would receive as well as on the economic

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vitality of the state through the jobs that would be lost in the health insurance industry under a single-payer system.

Connecticut's ESI system is a model for the country, with the state receiving an "A" from the Corporation for Enterprise Development in terms of ESI. Imposing a single-payer system would eradicate our state's model system of ESI.

According to the Connecticut Health Insurance Policy Council:

> [ESI] is now and should remain the primary source of health benefits for working individuals and their families, and the primary source of initiatives on issues of wellness, cost containment and quality. That system needs to be built upon and strengthened, not weakened by governmental action. Connecticut does not need, nor can it afford, a single-payer system that would require an extraordinary redirection of public and private funding and create a new governmental bureaucracy, while at the same time casting aside the role and demonstrated capabilities of the private sector in achieving broad and significant health reform goals.
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> A tax-funded single-payer system would produce very large dislocations in every aspect of our health care and health insurance system and would seriously challenge state finances. As we have seen in the current Medicaid program, taxpayer funded health care tends to underpay providers as rising costs bump up against funding limits set by the Constitutional spending cap. So called single-payer systems will not necessarily restrain costs without considerable rationing of care and are inconsistent with the way in which most Americans want their health care decisions made... Further, the private sector has been the source of almost all of our nation's advances in encouraging wellness and prevention and creating systems to better manage cost and quality. A government-run system of any kind would surely sacrifice that critical source of innovation and improvement. Since almost two-thirds of uninsured adults are working full or part time and 64% of our population has ESI, the single most important step that can be taken to increase insurance coverage is to assure that employers provide, and employees participate in, work-based coverage.

The state currently underfunds its Medicaid obligations to hospitals to the tune of approximately 70 cents on the dollar for their costs (with a portion of this shortfall being picked up by the private sector, according to a recent Program Review and Investigations report). So, the prospect of the state being charged with paying for an entire new taxpayer funded system could result in lower quality as rationing might result.

Again, CBIA strongly opposes any effort to abandon our current, time-tested, employer-based health care system. In addition to the reasons stated above, such an effort would put thousands of health insurance industry jobs at risk.

HB 6697, An Act Establishing the Connecticut Health Quality Partnership

CBIA supports many of the proposals contained in **HB 6697, An Act Establishing the Connecticut Health Quality Partnership**. As stated earlier, CBIA strongly supports efforts to drive value in our state's health care system by improving quality, reducing costs and thereby increasing access. Increasing transparency in our health care system so that consumers have greater access to provider quality and cost data will enable consumers to have the information that they need in order to make informed decisions related to their health care. Additionally, such provider quality and cost data disclosure will improve the quality of health care as consumers will be able to compare provider to provider, make informed decisions and stimulate providers to improve the quality and cost efficiency of the care they provide.

HB 6332, An Act Increasing Access to Health Care

CBIA supports many of the concepts contained in **HB 6332, An Act Increasing Access to Health Care**. We support its efforts to increase outreach efforts for HUSKY enrollment; to enable insurance carriers to create up to five new health plans that provide different and affordable options of plans for individuals and small companies; to encourage small companies to participate in such new plans; to increase Medicaid reimbursement rates; and to establish a new state premium assistance program for individuals with income levels between 150% and 400% FPL. However, CBIA has not taken the position of supporting an individual mandate for health insurance. We do believe that the other goals of this proposed bill will be beneficial in the state's efforts to reduce health care costs and increase access.