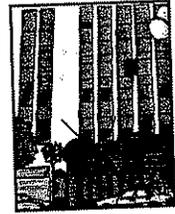


OFFICE OF THE MAYOR

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JOHN DESTEFANO, JR.
Mayor



*The vision of New Haven's children
is our city's greatest resource**

Testimony of: John DeStefano, Jr., Mayor of New Haven

Regarding: Proposed S.B. No. 1 An Act Increasing Access To Affordable, Quality Health Care.

January 31, 2007

My name is John DeStefano, Jr. and I'm Mayor of the City of New Haven. I'd like to thank the co-chairs of the Public Health Committee Mary Ann Handley and Peggy Sayers, and all the members for hearing my testimony.

By example, for years Connecticut did not invest in its transportation infrastructure. That failure to invest, that failure of vision left our state behind economically, diminished the quality of life of our families, and made our current investments more costly and more difficult to implement. We left our people behind while other states moved past us.

This year, this legislative session, this very day, we are at a decisive moment that will affect job creation, the quality of life of our families, and our state's competitiveness for years to come. We have an opportunity before us that we can accomplish. It is an opportunity whose achievement we will fail to reach:

- Not for lack of resources;
- Not for lack of ideas;
- Nor because of lack of political support – because the people of Connecticut are ready to do this –

The goal that Connecticut can accomplish by the end of this legislative session is universal health care for every man, woman and child in the State of Connecticut. And, should we fail to accomplish that goal it will – as with our transportation policies – result more than any thing else, from a failure of vision, of what is possible at this moment, of what we can do when we work together.

There is nothing more powerful we can do to create jobs, to secure the well being of our most vulnerable families, and to save taxpayers money than to accomplish universal health care in Connecticut in 2007.

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**This creative impression is the work of Jennifer Montalvo, a student at Nathan Hale School.*



Over the next few weeks and months the debate will rage about what that really means, and how to achieve it. And probably no single plan that has been advocated to date is where we need to end up, but I believe there are some clear principals that are essential elements of any universal health care plan.

First, we must help *small businesses* better afford the costs of health care for their employees. As it stands now, job growth is fueled by small businesses – but these businesses are disproportionately hurt by high health care costs. To help small businesses we must give them an opportunity to pool their coverage's to reduce costs and the tax code incentives to provide health care to their employees.

Second, in order to control costs and create a healthier pool our universal health care plan must place a strong emphasis on *prevention and wellness*. The most chronic and ultimately expensive illnesses that Connecticut residents face result from diseases such as diabetes and heart disease that can be mitigated or avoided altogether by encouraging people to improve their diet and lifestyle. Incentives to alter behavior and access to preventative medical treatment can give people the opportunity to avoid illness.

Third, any universal health care plan must face the realities of the economy of today and tomorrow and that our workers and families face. The plan must be *portable*. As family members move from one job to the next, or in and out of the workforce, or from school to work to back to school, they must be able to maintain access to their healthcare.

Fourth, universal health care can only be accomplished if we see that we are all in this *together*. That means that individuals, employers, medical providers and elected officials need to all be responsible for achieving health care coverage for everyone. Individuals should pay a portion of their health care coverage, the tax code ought to reflect a difference for employers who do – or don't – provide health care coverage and health care providers need to step up to provide better access to health care in all parts of Connecticut.

Fifth is *choice*. A strong universal health care system will ensure choice of several health care plans. Families ought to be able to decide what health care plan works best for them in an environment where they are informed and a full participant in making that choice.

I have attached to my testimony a proposal on how Connecticut can accomplish this goal:

- Through the creation of the Connecticut Health Care Consortium from which small businesses, families and individuals could purchase health insurance coverage, thus combining the small business and individual markets to create a large risk pool to open up access and drive down costs;
- Proposals to restructure the tax code so that Connecticut would have a corporate tax structure that encourage and help businesses to provide affordable and portable health care coverage to their employees.
- Ideas on how all plans participating in the consortium could be required to offer annual wellness assessments and personalized wellness plans for their members. How individuals below the federal poverty level could be eligible

for an increased subsidy if they participate in the wellness assessments and take steps outlined in their wellness plans.

We can do this –we can do this better than any other state in the nation. And in doing so, we will create a Connecticut that is more economically competitive, whose families have access and take advantage of the best health care delivery system in the world and show ourselves that – unlike our transportation policy - we don't have to fall behind in order to lead. This Legislature in an enviable position – it has the opportunity to create a legacy in this coming month that will well serve the people of Connecticut for decades to come.

Thank you for your attention.

Connecticut Cover All Now!

John DeStefano's plan to provide universal health care for every family.

Mayor John DeStefano believes that every family should have access to affordable health care. Good health is a good investment for Connecticut: School performance improves when children are healthy, workforce productivity improves when employees are healthy, businesses can compete when health care is affordable and tax dollars are saved when individuals have access to preventive health care. States must not stand by while people suffer, and even die, from preventable illness – and individuals with access to care must take responsibility for their health.

Through this plan, John DeStefano accomplishes what has been needed for some time: His plan would guarantee access to affordable health care coverage for all citizens. **There are currently \$620 million in corporate tax credits, exemptions and loopholes; John DeStefano suggests reforming the corporate tax system to close \$350 million worth of loopholes, enough to cover all of the uninsured in Connecticut, which has been estimated to cost \$343 million¹.**

Principles of Universal Coverage under Connecticut Cover All Now!

Shared Responsibility. John DeStefano believes that to achieve universal coverage we are all in it together. That means individuals, employers and elected officials need to be responsible for achieving affordable health care coverage for everyone. The DeStefano plan does that: Individuals will pay a portion of their health care coverage, employers will receive generous tax incentives when they provide health care coverage and lose them when they do not, and elected officials who receive a generous health care plan themselves will need to support assistance to low-income workers and small business so they can achieve the same level of coverage as elected officials.

Affordability. The challenge facing many families in Connecticut is they either have lost their health care or fear losing it. One of the main reasons is affordability. The DeStefano plan targets small businesses, self-employed workers, part-time workers and laid off workers – in other words, those people who are the most vulnerable to losing their health care coverage. The combination of creating a Connecticut Healthcare Consortium and reforming the corporate income tax code will provide affordable health care coverage for everyone.

Portability. John DeStefano believes that as family members move from one job to the next or in and out of the workforce they should be able to maintain access to their health plan. Creating the Connecticut Health Care Consortium will allow individuals to have the best portable health care plan in the country.

¹ Universal HealthCare Foundation of Connecticut report, February 2006

Choice. Individuals should have the choice of several health care plans. The Connecticut Health Care Consortium will offer several choices so that families can decide on what works best for them.

Mandates. John DeStefano believes all of the health plans offered through the Connecticut Health Care Consortium must cover every state-legislated health mandate, whether with regard to mental health services, substance abuse treatment, hearing aids, diabetic supplies or women's health issues, such as prescription contraceptives, cervical cancer screening and mastectomy hospital stays.

Wanted: Strong Leadership

Connecticut needs real leadership to make universal health care coverage a priority. An estimated 356,000 people in Connecticut – including 71,000 children – do not have the security of health insurance to allow them to obtain preventive care or cover their medical needs should they fall ill – and this despite the fact that *a large majority of the uninsured in Connecticut are employed.*

The DeStefano Connecticut Cover All Now! plan is anchored by two major reforms:

- It creates a private health insurance one-stop marketplace, the Connecticut HealthCare Consortium (CHC), from which small businesses, families and individuals can purchase health insurance coverage, thus combining the small business and individual markets to create a large risk pool to open up access and drive down costs. (See Attachment A)
- It reforms the state's corporate income tax structure to provide all businesses with the tax relief needed to provide affordable, portable, and prevention-based coverage to every family in Connecticut. (See Attachment B)

Key details of Connecticut Cover All Now!

Individuals

The CHC will be a one-stop shop offering a choice of several plans. The plans will include, but not be limited to, a primary benefit plan, family plan, and the state employee health plan.

Those below 300 percent of the federal poverty level (about \$50,000 for a family of three), who do not qualify for Medicaid, will pay premiums on a sliding scale rate when they receive their coverage through the CHC.

Those above 300 percent of the federal poverty level will be responsible for paying 20 percent of the primary plan coverage, approximately \$25 a month.

Self-employed individuals over 300 percent of the federal poverty level will be eligible for a "start up" entrepreneurial tax credit equal to half their premium costs.

To encourage shared responsibility for keeping Connecticut healthy, prevention bonuses will be available to all individuals and employers purchasing coverage through the CHC. All health plans offered under the CHC will offer personalized wellness assessments and the development of a wellness plan. Individuals who complete the wellness assessments develop a wellness plan and follow steps on their plans will receive a prevention bonus to help cover the cost of their premiums. Employers who show proof that 90 percent or more of their employees have followed these steps will receive a similar bonus for their share of the premium. For example, King County, Washington has a program for its employees in which they receive a premium discount for participating in a wellness assessment and individual wellness plan.

Businesses

Small- and medium-sized businesses can opt out of the corporate income tax by providing health care to their employees through the CHC.

Large companies can have their overall corporate income tax rate reduced from 7.5 percent to 3.75 percent if they dedicate 5 percent of their payroll to health care coverage or ensure their employees under the CHC.

Affordable premiums will be offered by combining the small group and individual market under the CHC, thus creating a large risk pool.

All businesses that provide coverage under the CHC will have reduced paperwork and a simple payment method (80 percent of the monthly premium for the primary plan).

Health plans offered under the CHC will need to meet certain criteria (Attachment A).

Taxpayers

Taxpayers will have corporate tax exemptions go to universal coverage rather than loopholes that were designed for special interests.

Taxpayers will realize savings because there will be fewer uninsured individuals and therefore less uncompensated care. For example, Connecticut families that now pay an extra \$583 a year for private insurance coverage, due to the shifting of costs from charity care providers to private insurers, will see these costs go down².

Achieving Universal Coverage

² Families USA, Paying a Premium, 2005; the \$583 figure is for Connecticut families with an employer-sponsored

Every citizen under the DeStefano plan will be given the opportunity to purchase affordable health care coverage.

All children covered. Every child should have the security of health care coverage. To guarantee coverage, John DeStefano will dedicate the first \$50 million saved from closing corporate loopholes to a Connecticut Coverage for Kids fund that will guarantee that covering every child is the top priority. This is \$50 million more to cover kids than previous proposals and it will guarantee that 100 percent of Connecticut's children have medical insurance.

Low-income workers. Many working families without health care coverage are earning too much to be eligible for state care, but cannot afford health care on their own. If you are a full-time worker, part-time worker, temporary worker, or self-employed and earning less than 300 percent of the federal poverty level, state assistance will be provided to help you afford coverage through the CHC.

Full-time workers. Over 90 percent of employers in Connecticut offer health care coverage to their employees. Under the DeStefano plan, achieving 100 percent is possible through the Connecticut HealthCare Consortium. The biggest fear many full-time workers have is that their health care coverage will be dropped because the cost to their employer is unaffordable. By purchasing health care through the consortium, all businesses will have the opportunity and incentives to provide coverage to all their full-time employees. For businesses that fail to take advantage of the tax incentives offered, they will pay the full 7.5% corporate income tax. The revenue raised will provide premium assistance to full-time workers not getting health care coverage at work.

Part-time workers. Part-time workers will be able to buy into the Connecticut HealthCare Consortium pool, and their coverage will be more affordable to them because employers buying into the pool for full-time workers will also be required to cover part-time workers, at 40 percent of the premium for the primary plan. (To discourage employers from dropping full-time workers to part-time status, employers will not be able to opt out of the corporate income tax if their proportion of part-time employees has increased by more than 5 percent in the last year.) Therefore, those working a part-time job will have greatly enhanced opportunity to purchase insurance coverage, and those working two part-time jobs will for the first time be able to combine employer contributions and buy into the pool. This allows an individual working two part-time jobs to have the same opportunity for health care coverage as an individual with one full-time job.

Laid-off workers. Financial assistance will be made available through the CHC. All applicants will first be screened to verify if they are eligible for the federal income tax credit under TAA. Bridge financing options for up to a year will be made available. Temporary state assistance will be provided for the first six months, accompanied by a lower level of assistance for the next six-month time period.

Self-employed individuals. For self-employed individuals who are earning up to 500 percent of the federal poverty level, approximately \$83,000 per year, a one-year "Health Start-Up" incentive will be made available to buy into the CHC.

Connecticut Cover All Now! : Everyone Benefits

Families and Individuals Benefit

- Affordable health care coverage by being a part of a large risk pool.
- Portable coverage that moves from job to job or in and out of employment.
- Choice of various health plans.
- One place to get or change coverage.
- Every family member can be on the same plan.
- Every state-legislated health mandate will be covered.

Businesses benefit

- Both small and large businesses can buy in.
- No need to pick plan or maneuver the complex insurance market.
- Simple and affordable. Fixed monthly fee for each employee.
- Generous tax benefits – especially for small employers.
- Prevention bonuses and better coverage for a healthier workforce.

Taxpayers benefit

- Prevention-focused health plans to drive down costs of indigent care.
- Wellness incentives to avoid costly acute care.

Attachment A: Connecticut HealthCare Consortium

Connecticut HealthCare Consortium

John DeStefano will propose the creation of a Connecticut HealthCare Consortium that will serve as a one-stop shop targeted to small businesses to purchase health care coverage for their employees. Businesses that purchase their plans through the CHC will receive generous tax incentives. More importantly, businesses will have an opportunity to provide affordable health care coverage to their employees.

- *Connecticut Care Board:* A Connecticut HealthCare Board will be responsible for providing oversight to the Consortium. The board will consist of health care professionals, business leaders and consumer advocates. The main responsibility of the board will be to determine the minimum set of benefits that must be offered under each plan and approve the entry of health plans into the Consortium. Plans included in the Consortium would help merge Connecticut's small group market and the individual market, thus creating a large risk pool to negotiate lower premium costs.
- *Eligible Plans:* All insurance carriers in Connecticut will have the opportunity to offer insurance plans through the Consortium. Plans will need to include the following set of principles:
 - Primary care, prevention, and wellness.
 - Active management of chronically ill populations.
 - Catastrophic illness protections for members.
 - Coverage of hospital, outpatient treatment and prescription drugs.
 - Consumer protections to ensure availability and continuity of coverage.
 - Evidence-based, high-quality care.

Plans would be able to re-compete to join the Consortium every year, prior to the open enrollment period. Businesses and individuals participating in the Consortium would be surveyed each year regarding their satisfaction with the previous year's selection of health plans.

- *Eligible Participants:* The Connecticut HealthCare Consortium would be open to all businesses in Connecticut. In order for a business to be eligible to participate in the Consortium, at least 75 percent of the employees in a business would need to enroll. Rather than place the burden on businesses to convince their employees to participate, employees of any business that chooses to receive

coverage through the CHC would be required to purchase an approved plan under the CHC or provide proof of insurance from a provider outside the plan.

Individuals without employer-sponsored coverage, such as part-time workers, students, and retirees not yet eligible for Medicare, would also be allowed to purchase coverage through the Consortium, thereby creating a source of affordable, portable coverage for many who are left out of the current system.

- *Enrollment:* Enrollment in the Connecticut HealthCare Consortium would occur once a year during an open enrollment period. Businesses would offer their employees the menu of health plans participating in the Consortium, and employees would choose the plan that best meets their needs. This simple mechanism is just like current employer-sponsored coverage, except businesses would not have to go through burdensome negotiations with insurance companies, and employees would in many cases have an even wider choice of health plans than they do currently.
- *Premiums.* Costs of premium payments for CHC plans would be shared among employers, employees and the state government. Employers would pay a fixed monthly cost when joining the consortium, and employees would cover no more than 20 percent of the premiums for any plan they chose. The state of Connecticut would provide financial assistance to individuals with family incomes below 300 percent of the federal poverty level, thereby reducing dependence on other government-only health programs.
 - *Employers.* Employers would pay a premium share equal to no more than 80 percent of the premium amount for the median-priced plan in the Consortium (the "Primary Plan") for a full time employee (30 or more hours) and 40 percent for a part-time employee (10 – 29 hours). Therefore, if employees choose a more expensive plan, employers would be protected from sharing that cost.
 - *Employees:* Employees would be responsible for covering 20 percent of the premium amount for the median-priced plan, but would pay a higher percentage if they choose a more expensive plan. The state would provide subsidy assistance on a sliding scale to those below 300 percent the federal poverty level.
 - *Prevention Bonus:* All plans participating in the CHC would be required to offer annual wellness assessments and personalized wellness plans for their members. Individuals below 300

percent of the federal poverty level enrolled in CHC plans would be eligible for an increased subsidy if they participate in the wellness assessments and take steps outlined in their wellness plans. Similarly, businesses in which at least 90 percent of employees participated in the CHC checkups and wellness assessments would be eligible for additional tax incentives.

- An example of the monthly premium costs for an individual under the plan is provided in the table below. Because of the risk pooling and efficiencies the CHC can be expected to achieve, the monthly cost of available plans will be less than the average \$306 monthly premium for individual coverage in Connecticut in 2003³.

Plan	Monthly Premium*	Employer Share	Employee Share
Low-cost plan	\$225	80% (\$180)	20% (\$45)
Median-cost plan	\$250	80% (\$200)	20% (\$50)
Higher-cost plan	\$300	80% of median plan (\$200)	\$100

- An example of the premium cost for a family of four earning below 300 percent Federal Poverty Level, or \$60,000/year, is shown below⁴:

Plan	Monthly Premium (Family Plan)	Employer Share	State Share	Employee Share
< 100% FPL (\$20,000/yr)	\$750	80% (\$600)	15% (\$112.50)	5% (\$37.50)
<200% FPL (\$40,000/yr)	\$750	80% (\$600)	10% (\$75)	10% (\$75)
<300% FPL (\$60,000/yr)	\$750	80% (\$600)	5% (\$37.50)	15% (\$112.50)

³ Based on \$3676 average annual premium for employer-based single coverage, 2003 (Kaiser Family Foundation, www.statehealthfacts.org)

⁴ Because of the risk pooling and efficiencies the CHC can be expected to achieve, the monthly cost of available plans will be less than the average \$843 monthly premium for family coverage in Connecticut in 2003. (Kaiser Family Foundation, www.statehealthfacts.org)

Healthy Start Entrepreneurial tax credit. An earned income tax credit could be offered to self-employed individuals that choose to be insured through the CHC. The Healthy Start Entrepreneurial Tax Credit would be cover up to 50 percent of the health care premiums for eligible individuals.

New England Health Insurance Compact: The CHC plan would be compatible with health insurance ideas being considered in neighboring states, such as Massachusetts, Vermont, and Rhode Island. For example, Massachusetts passed legislation involving an insurance exchange, and Rhode Island is considering insurance market reforms⁵. John DeStefano recommends a New England compact in which all the states set up an insurance exchange with at least one health plan offering the same baseline benefits. This would create an extremely large risk pool, thus further driving down rates, provide residents of each state with a product that would be translatable and transportable across state boundaries, and allow for the creation of a significant source of data on health care costs and outcomes that could be used to improve health care quality in each participating state. While there will be challenges in implementing such an agreement, including making any necessary changes to each state's insurance regulations, it is exactly the kind of national and regional leadership we should expect from our elected officials.

⁵ Academy Health State Coverage Initiatives news, March 17, 2006,
<http://news.statecoverage.net/ahstsd/issues/2006-03-17/4.html>

Attachment B: Corporate Income Tax Reform

Corporate income tax reform

Connecticut's corporate income tax system is riddled with loopholes that allow wealthy corporations who can hire multiple lawyers to avoid paying their fair share. These loopholes cost the state of Connecticut hundreds of millions of dollars each year. Too many corporations in Connecticut avoid paying taxes, yet continue to benefit from the public goods the state provides – such as roads that bring their employees to work and schools that provide an educated workforce. Some corporations both avoid paying taxes *and* don't provide health insurance to their employees, thereby driving up everybody else's health care costs. In addition, there is no state income tax credit for companies that do the right thing and provide health insurance to their employees. This causes the tax burden to shift onto the backs of small businesses that need the relief the most.

John DeStefano proposes the closing of **\$350 million** of the most egregious corporate tax loopholes, lower the tax rate for companies, and provide an opt-out provision to corporate income taxes for small- and medium-sized businesses. Large businesses that buy into the CHC will also be able to receive a 50 percent break on their taxes.

- *Close corporate loopholes.* Connecticut's corporate income tax system is riddled with loopholes that until recently allowed a majority of companies to avoid paying the income tax altogether. Despite all the tax breaks, exemptions and shelters offered, not a single one included an incentive to businesses to provide health care to employees. The result is a select number of companies that can hire a team of lawyers to opt out of paying corporate income taxes and not provide a single employee with health care coverage. To assist small businesses and expand their opportunity to provide health care, the corporate income tax will be made more simple and fair. Corporate loopholes will be closed, the rate will be reduced, small- and medium-sized businesses will be able to opt out, and large companies will be eligible for a 50 percent reduction.
- *Small- and medium-sized businesses.* Small- and medium-sized businesses would have the opportunity to opt out of the corporate income tax altogether. Any small business (up to 25 employees) that joins the Connecticut HealthCare Consortium, or provides comparable coverage to all their employees, would be eligible to opt out of paying the corporate income tax altogether and instead pay an annual CHC fee of \$250. Similarly, a medium-sized business (up to 50 employees) could opt out if it provides comparable coverage to all employees and pays a fee of \$500.

- *Large companies.* Large businesses could have the corporate income tax rate cut in half if they: A) provide coverage under the CHC or B) contribute 5 percent of their payroll to health care costs.
- *Companies that do not offer health care.* Companies that do not offer health care coverage to their employees, dedicate less than 5 percent of payroll to health care or do not join the Connecticut Care consortium will pay the full 7.5 percent corporate income tax rate.

By creating a fairer, simpler tax code, tying tax breaks to the provision of health insurance, and encouraging personal responsibility for preventing and managing illness, John DeStefano's plan will:

- Allow Connecticut to recover hundreds of millions of dollars per year that it currently gives away to corporations who aren't required to provide anything in return;
- Reduce the number of uninsured in Connecticut, thereby saving up to \$34 million currently spent by the state on uncompensated care and creating a more efficient, prevention-based system;
- Reduce the current administrative and financial burden on small- and medium-sized businesses for providing health care;
- Improve the health of Connecticut residents.

Attachment C: Other reform efforts under Connecticut Cover All Now!

Use HUSKY money to provide subsidy for dependent coverage under Connecticut Care.

A 2004 Office of Health Care Access survey of HUSKY families and their employers suggests that a significant percentage of HUSKY recipients could obtain employer-based insurance if financial assistance were available. For example, 67 percent of employers of HUSKY families offered health insurance; the average employee share for family coverage was \$230; and 44 percent of HUSKY families not taking up employer-sponsored insurance cited cost as their main reason⁶. Connecticut has been actively considering a premium subsidy program for HUSKY families⁷, and the Connecticut HealthCare Consortium offers a promising alternative to getting more HUSKY families into employer-sponsored insurance, because it would involve subsidizing the same people (up to 300 percent of the federal poverty level). John DeStefano suggests seeking a Federal waiver to use HUSKY funds to provide premium assistance to families purchasing insurance through the Consortium, thereby finding an additional source of funding for the Consortium, saving money that can be used for covering more Connecticut children, such as the children of the unemployed or of workers who are not offered employer-sponsored insurance, and delivering on his guarantee to cover 100 percent of Connecticut's kids.

Prevention, Efficiency, and Quality: John DeStefano suggests implementing measures to reduce health care costs by focusing on preventing the costliest illnesses, improving efficiency, and demanding quality. For example:

- *Connecticut Prevention Council:* John DeStefano suggests convening a Connecticut Prevention Council of health care providers, insurers, business leaders and consumer advocates to:
 - Identify those health behaviors, preventable illnesses, and preventable injuries that contribute the most to health care costs and lost worker productivity;
 - Identify proven, existing methods that each sector can implement to improve the identified health behaviors and prevent or manage the illnesses/injuries;
 - Commit to achieving the goals set by the Prevention Council within a specified timeframe by helping each sector implement the evidence-based solutions determined to be necessary by the Council.

⁶ Connecticut Office of Health Care Access, Summary Briefing on the OHCA State Planning Grant Survey Results, January 2006,
http://www.ct.gov/ohca/lib/ohca/summary_briefing_paper_final.pdf

⁷ OHCA, HRSA State Planning Grant, 2004, Overview of Project Progress,
<http://www.ct.gov/ohca/cwp/view.asp?a=1740&Q=277058&ohcaNav=i>

- *Efficiency in Health Information Technology:* John DeStefano suggests funding health information technology initiatives to help Connecticut's health care providers implement high-quality information technology systems that talk to each other. At first this will focus on 1) Regional coalitions so that if people switch doctors or go to a specialist in the same area of Connecticut, their records are instantly available and 2) Current health networks operating throughout the state. Later, the focus will broaden to create a statewide information technology system.

- *Support regional or network-wide health care quality coalitions:* Regional health care coalitions around the country such as the Pittsburgh Regional Healthcare Initiative (www.prhi.org) have been able to demonstrate dramatic improvements in health care quality measures such as hospital-acquired infection rates. John DeStefano suggests supporting the development and growth of regional health care coalitions in Connecticut, made up of employers, insurers, patients, advocates and providers, who will collaborate to drive improvements in quality through the creation of quality standards and service delivery improvements. The coalitions will be able to develop mechanisms for local sharing of health care data and best practices, such as technologies to share standardized health data through secure, integrated systems. For example, computerizing medical records would allow doctors to enter vital health information such as drug allergies just once, and if a different doctor prescribed a drug to which a patient was allergic, the system would alert the doctor immediately. John DeStefano suggests supporting these coalitions by funding performance-based grants for coalitions that demonstrate a broad base of membership and innovative, effective strategies to reduce costs and improve the quality of care in their region or health care network.

Attachment D: Corporate Tax Loopholes

Currently, there are approximately \$620 million worth of corporate tax credits, exemptions, deductions and other special-interest giveaways built into the state tax system. To finance the Connecticut Cover All Now! plan, John DeStefano suggests closing \$350 million in tax loopholes and create tax incentives for business to provide health insurance. If more money is saved than originally envisioned, those savings will be converted into additional tax breaks for business.

Corporate tax credits: \$175 million.

Exemption for Subchapter S corporations: \$26 million.

Exemption for limited liability corporations: \$15 million.
(18 of the state's largest corporations are LLCs, including Perdue Pharma. They pay an annual \$250 entity tax.)

Other corporate tax exemption and deductions: \$224 million.

Failure to tax the combined reporting of income by related corporations in a unitary business: \$110 million.

Failure to enforce a "throwback" rule that would allow Connecticut to collect tax on Connecticut corporate income that is otherwise taxed in no other state: \$10 million.

Exemption for single factor apportionment: \$60 million.
(ESPN is an example of a corporation that makes use of the single factor apportionment)

Grand Total: \$620 million*

* The estimates are from the legislature's Office of Fiscal Analysis and Connecticut Voices for Children.