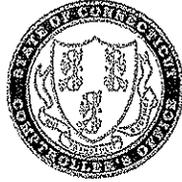


State of Connecticut

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Labor and Public Employees Committee
Submitted By State Comptroller Nancy Wyman
March 8, 2007

Senator Prague, Representative Ryan, and distinguished members of the Labor and Public Employees Committee I apologize for being unable to appear before you today. Thank you for the opportunity to submit testimony in support of **House Bill 7320 An Act Concerning Municipal Employee Health Insurance and Property Tax Relief.**

Whether you are talking about state government, local government or the private sector healthcare costs continue to be the fastest growing segment of their budgets. The effort to reduce health care costs while preserving benefits is going on across this state. One such effort that is currently going on is municipalities and unions working together to find common ground to lower health insurance costs without sacrificing benefits.

I want to commend Majority Leader Donovan for proposing the bill and the Committee for raising it. As many of you may know the groundwork for this proposal was laid when both labor and management in our cities and towns came to me asking for help in addressing the rising costs of healthcare. Those discussions have moved this idea forward and this proposal makes tremendous advances in helping our cities and towns. By group purchasing our health care in a cooperative fashion we can take a step in the right direction for the citizens of this state – it can save tax dollars by creating administrative efficiency and increasing purchasing power. I believe the state can deliver a municipal healthcare plan which would reduce costs for most cities, towns and boards of education in this state.

The bill mandates that each town and board of education join the plan at the expiration of their current collective bargaining agreements. It preserves their current collective bargaining while allowing the program to build up as each bargaining unit is rolled into the plan. The proposal to subsidize one-third of the cost of this program will provide real property tax relief to the citizens of this state. The subsidy will permit towns to implement real mill rate reductions without cutting services.

Subsection (c) of Section 3 of the bill establishes the State subsidy to municipalities for health insurance and property tax relief. I would offer a suggestion that the legislation clarify that the monthly rate paid by the municipality be reduced to reflect the State's one-third share of the cost. If the State is subsidizing the monthly premium the payment should be directed to the Comptroller's office for that purpose.

The municipal health cost containment committee is modeled on the State Health Care Cost Containment Committee bringing labor and management to the table to achieve a common goal. I would ask that the Committee consider including disease management and other cost containment activities as part of the cost containment committee's charge. In addition, it provides for a state representative on the cost containment committee which I believe is appropriate with the proposed one-third state funding. However, I believe that the representative of the State needs to be defined in statute.

Lastly, Section 4 providing for a pilot program has language that is similar to the MEHIP program. If the Legislature is contemplating paying for or subsidizing the health coverage for the groups outlined I would like to work with the proponents of the legislation to make sure that it interfaces with the current program.

I support House Bill 7320 and believe that in addition to the savings realized by the one-third subsidy, Connecticut's small and mid-size towns can achieve a cost savings of approximately 10-15% on the cost of their health care and our largest cities and towns could achieve savings in the range of 5-8%. The savings can be achieved through this proposal by standardizing plan design resulting in significant administrative efficiencies. Additionally, you gain efficiencies in network administration and claims administration, as well as through provider discounts and self-funding the plan. I would be happy to work with the Committee and the Majority Leader as this legislation moves forward.

Also before you today is **House Bill 7314, An Act Establishing the State Health Insurance Purchasing Pool Program**. First, I want to commend everyone who is working hard to find a solution to the growing health care crisis here in Connecticut. With your leadership we can bring all of the key players in this debate to the table to work together to achieve the goal of universal health care.

I believe the single most important issue facing taxpayers, business and government in Connecticut – is the out-of-control cost of health insurance. It is the fastest-growing expense in the budgets of the state, municipalities and businesses. The uninsured receive a significant portion of their health care at the highest cost – in our emergency rooms. In addition, the cost of not receiving preventative and routine care increases health care costs for all us. Those costs are built into our health insurance premiums, in payments to hospitals for disproportionate share care and in our provider rates.

You have before you a comprehensive proposal with the goal to provide every resident of the State of Connecticut with health insurance. With the large number of universal health care and single payer health care proposals before you this year I recognize that there is much work that still needs to be done. I look forward to coming to the table with you to work to reach this worthwhile goal.

Thank you.