

Duncklee, Inc.
296 Taugwonk Rd
Stonington, CT 06378

5669

February 03, 2009

Good afternoon Insurance & Real Estate Commission:

I am here in support of HB 5669: ***AN ACT CONCERNING EMPLOYER HEALTH INSURANCE PREMIUM PAYMENTS FOR TERMINATED EMPLOYEES.***

COMPANY HISTORY:

I am Jonathan Duncklee, Vice president of Duncklee, Inc. We are a small heating and air conditioning business located in Stonington and we currently employ 9 people.

My father, Les Duncklee, the company's president, started the business in 1973 out of his home and since then we have been as large as 35 employees.

Les Duncklee always prided himself on providing a substantial benefit package for his employees and their families, including health care, dental, short term disability, life insurance, retirement, flexible work schedules, financial planning, and company sponsored events, etc

When insurance was affordable, our company paid the whole premium.

Unfortunately, as you know, health care costs have soared out of sight and we anguished over having our employees contribute to there health insurance premiums. However, in order to provide benefits to them; we began to require them to pay a percentage of the cost.

With increasing energy costs, health insurance costs, workers comp costs, property tax increases we are challenged to survive as a small business.

INSURANCE DILEMA:

Today I am here to ask for your assistance in helping small business owners in the State of Connecticut remain competitive to retain and hire quality employees.

We have had employees abruptly quit and we found out we had to pay their health insurance premium for the whole month even though they were not employed by us. This amount for a full family can reach \$1,000!

In December 2004 I began my efforts to find out why this policy is in place and began writing to Cliff Slicer and Lois Desmarais with the State of Connecticut Insurance Department.

I have submitted to you all my efforts to resolve this matter with the insurance commission. The file number is 410382.

The Insurance Commission was polite and responded with information from the insurance company that basically stated that we are responsible for the employee's insurance premium until the end of each month. If we had more than 50 employees we would not be responsible for the full month's premium if the employee was terminated or quit. They would begin COBRA that day.

I was unsuccessful with the Insurance department asking they have this policy changed to help all small business owners.

Why are small business owners penalized by health insurance companies in Connecticut?

Why do small businesses have to pay the premiums of employees who are not employed by them?

Business owners with more than 50 employees are not subject to premium payments after the employee is terminated. The employee has the option to begin COBRA the day they leave so that they will be covered by health insurance. The company does not have to pay the additional days of the month.

A business with under 50 employees has to pay up to one whole month of an employees health care benefits if they quit or get fired or even if they have been arrested for stealing from the company.

Does this make any sense to anyone? Is this a message to small business owners that may want to continue conducting business in Connecticut?

INSURANCE BILLING:

Each month the insurance company invoices the over 50 employee sized companies in arrears. This allows for adjusting the monthly premium when the employee is terminated in the middle of a billing cycle.

Each month the insurance company invoices the under 50 employee sized companies in advance. If an employee is terminated in the middle of a month, then the following month's bill should be adjusted and credited. This can be done simply by calculating a daily insurance cost per employee. (Which is already done with the over 50 employee sized companies)

When new employees come on and off the insurance plan, adjustments are made to add and remove them, on a full month's basis, instead of prorating them by the day like the over 50 employee companies do.

SOLUTION:

With your support, this is an excellent opportunity for Connecticut to retain and keep small business from leaving the state to relocate to where the cost of doing business is significantly less.

I urge you to give your support to us as well as to the thousands of small business owners in Connecticut.

Together, we can help Connecticut to become a more small business friendly state.

Please approve this initiative for all small businesses with fewer than 50 employees in Connecticut to be treated fairly and to be able to operate efficiently and competitively.

Thank you for your time.

Jonathan Duncklee
Vice President

