

TESTIMONY
BEFORE THE
INSURANCE AND REAL ESTATE COMMITTEE
LEGISLATIVE OFFICE BUILDING
FEBRUARY 10, 2009

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.

Both nationally and in Connecticut, the health care system is in need of repair.

More needs to be done to improve the health of our citizens. Employers find health care costs rising faster than other input costs. Some providers are unable to generate sufficient patient revenue to cover costs. Some patients cannot get timely access to optimal care. And too many individuals remain without health insurance, engage in unhealthy behaviors and live in unhealthy environments.

For the business community, the issues of health care quality, cost and access are critical. 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 membership survey, over two-thirds of our members indicated that rising health benefit costs alone are negatively affecting their ability to hire additional workers.

However, Connecticut's small group reforms, including its system of adjusted community rating, have been one of the few shining stars that have helped to stabilize health insurance rates for small companies. While health care costs are by no means low for small companies, adjusted community rating in particular, and the small group reforms in general, have reduced the roller coaster of cost spikes for these companies.

Therefore, CBIA asks this committee to oppose **HB 6355, An Act Requiring Pure Community Rating for Health Insurance for Small Employers**. This bill would remove the rating adjustment categories of age and gender from the list of permissible adjustment factors.

Connecticut's system of small group reforms has been identified as a model for the country. Having age as an adjustment factor, in particular, has allowed younger individuals to benefit from lower rates and has encouraged them to purchase health insurance and lower the overall age and risk of everyone else participating in our small group market. Removing age as an adjustment factor will increase the health insurance costs for younger individuals, making it less likely that they will purchase health insurance, and increasing costs for the rest of the small group market.

Thank you for hearing our opposition to **HB 6355**.