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**TESTIMONY
BEFORE THE
PUBLIC HEALTH, INSURANCE AND REAL ESTATE AND HUMAN
SERVICES COMMITTEES
LEGISLATIVE OFFICE BUILDING
MARCH 2, 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.

Therefore, CBIA would like to offer comments on the following bills dealing with health care reform in Connecticut:

- **HB 5172, AN ACT ESTABLISHING THE CONNECTICUT HEALTHY STEPS PROGRAM**
- **HB 6600, AN ACT CONCERNING THE ESTABLISHMENT OF THE SUSTINET PLAN**
- **HB 6582, AN ACT ESTABLISHING THE CONNECTICUT HEALTHCARE PARTNERSHIP**

In reviewing these bills, my opinion and comments are guided by several factors.

First, improving health care in Connecticut must be achieved in a way that will meet people's needs -- and help the state's economy recover and grow. The best way to do that is to make our employer-sponsored health insurance system, with its public "safety net," the model for the nation.

Second, making the best use of our resources to promote quality and value, reduce costs, and increase access to coverage will enable us to accomplish this goal. Better health care means making private insurance more affordable and accessible.

And third, the public and private sectors must work together to improve our health care system, mindful of our precarious economy. Without a healthy economy and the good jobs and benefits it brings, meeting Connecticut's health care needs will be impossible.

So, truly comprehensive health care reform must encompass the following:

It Must Promote Quality

- Use value-based health plan designs that incorporate evidence-based medical practices, in order to give people better care and keep them healthier and more productive.
- Work with the private sector to ensure a "medical home" for all Connecticut residents, which will encourage greater care coordination among providers, improve the quality of medical care, reduce errors, and provide better chronic-disease management.
- Create public-private partnerships to improve people's health status through wellness and chronic-disease management programs.
- Make health care information more accessible to consumers, and the overall system more efficient, by promoting greater use of technology in data collection, transparency, electronic medical records and e-prescribing.
- Adopt pay-for-performance programs to increase patients' safety and quality of care.

It Must Reduce Costs

- Encourage small employers to use wellness and disease-management programs by exempting them from the state's insurance premium tax if they offer and maintain those programs. Educate small employers and the public about the importance of healthy lifestyles and wellness programs .

- Enable employers to purchase health care plans that are appropriate for them and their employees, in particular by not burdening small businesses with expensive new health benefit mandates.
- Make private insurance more affordable by increasing Medicaid reimbursement rates and eliminating cost-shifts to the private sector.

It Must Increase Access

- In addition to the above reforms that will increase access to private-sector health insurance by making it more affordable, the following will also help increase access:
 - Raise Medicaid reimbursement rates, which will encourage more health care providers to participate in public programs.
 - Increase outreach efforts for HUSKY and other public health care programs.
 - Expand the use of community- and school-based health centers, to provide better care to more patients and improve access to providers.

Here are my specific comments on several of the bills before you today:

1. HB 5172, AN ACT ESTABLISHING THE CONNECTICUT HEALTHY STEPS PROGRAM

HB 5172 raises critically important issues that must be considered as Connecticut moves towards reforming its health care system. It touches upon improving the quality of health care and reducing its costs in an effort to increase health care access. It also strongly focuses on improving the health status of Connecticut's residents in an effort to improve the overall system.

CBIA supports the provisions contained in **HB 5172** that focus on affordability (those concerning mandate review, reduced mandate products, employer tax credits to name a few). CBIA also supports the provisions of **HB 5172** that address the overall health status of Connecticut residents through promoting healthy lifestyles.

HB 5172 goes a long way towards improving Connecticut's health care system.

2. HB 6600, AN ACT CONCERNING THE ESTABLISHMENT OF THE SUSTINET PLAN

There is much to like in **HB 6600**, but there are provisions in the bill that are concerning as well.

First, **HB 6600** contains many positive provisions, including those that promote:

- Provider rate reimbursement increases
- Medical homes
- Health information technology
- Health status improvement
- Health care quality improvement
- Preventive care
- Health care cost and quality data compilation and transparency

However, **HB 6600** also contains several provisions that are troublesome. These include provisions focused on:

- Folding all employers and other groups into one, self-insured pool that would be administered by the state (this would move the state much closer towards establishing a completely government-run health care system).
- Forcing employers to pay for this new health care system either through an employer voucher system or a “pay or play” health care tax contained in the bill (this tax couldn’t come at worse time, given the dire state of our economy and our businesses’ lack of financial health – and, moreover, the tax is likely prohibited outright by federal law) .
- Ceding the legislature’s power to a newly created Sustinet board of directors with regards to changing the Sustinet enrollment rules in the future (taking such an integral piece of the health care reform puzzle away from the legislative process is simply bad policy).

HB 6600 does have many positive reform measures, but also several measures that could be damaging and should be removed from the bill.

3. HB 6582, AN ACT ESTABLISHING THE CONNECTICUT HEALTHCARE PARTNERSHIP

The general concept of **HB 6582** is to have municipal employees, small employers and nonprofit organizations join the expensive state employee health insurance plan.

This is troubling since the state has not done a particularly good job in containing its own health care costs — such as the nearly \$22 billion unfunded liability for state retiree health care costs and the fact that one level of state employee health plan for a family of four costs more than \$21,000 a year.

It is also concerning that this pooling system would operate outside of Connecticut’s insurance laws — which would adversely affect many small businesses. Moreover, any employer group participating in the program would have to make a very lengthy two-year commitment.

Despite what proponents of the bill say, other large-scale purchasing pools have actually not addressed the high costs of health care. For example, America's automobile industry has a very large health care purchasing pool, but despite its considerable "purchasing power," the system's cost has nearly toppled U.S. automakers.

HB 6582 would move Connecticut closer to a government-run health care system. This simply is not in line with public opinion. According to a CBIA/Zogby International survey, nearly three-quarters of state residents said that the best health care reform would be to control health care costs to make private insurance more affordable rather than moving towards a government-run health care system.

And it should be recognized that according to this survey, 69% of state residents have insurance through their employer, or individually in the private market, and an overwhelming 83% are satisfied with their coverage.

It is also important to recognize that the HealthFirst Connecticut Authority recently released its recommendations for health care reform to the legislature. In that report, the Authority stated that:

On this subject [of opening the state employee health plan to other groups], the Authority recognizes that there are strongly held views for and against this step... [and] that there is no consensus opinion.

Given the controversial nature of **HB 6582** and the strong consensus proposals contained in **HB 5172**, and partially in **HB 6600**, CBIA urges the committees to reject **HB 6582**.

Thank you for the opportunity to testify on these proposals and we look forward to working with you on this tremendously important issue.