

Secretary of the State Susan Bysiewicz
Testimony
Joint Public Hearing on Health Care Reform Legislation, March 2, 2009

Good Morning distinguished Co-chairs and members of the Public Health, Insurance and Real Estate, and Human Services Committees. I am happy to see both familiar and new faces at this public hearing.

For the record, my name is Susan Bysiewicz, and I am the Secretary of the State.

Thank you for giving me the opportunity to testify before you today regarding access to affordable and quality health care for all Connecticut citizens; containment of health care costs; and allowing small businesses, municipalities and nonprofits to achieve savings in their health care costs through health care coverage pooling.

Given the current economic crisis and the escalating costs of health care, I applaud the Legislature for addressing these challenging but important issues.

I am here today to offer testimony in support of H.B. 6582 - *An Act Concerning Expanded Access to the State Employees' Health Insurance Plan* and H.B. 6600 - *An Act Concerning the Establishment of the SustiNet Plan*.

H.B. 6582 would authorize the Comptroller to begin converting insurance plans under subsection (a) of section 5-259 of the general statutes to self-insured plans, to allow non-state public employers, municipal-related employers, small business employers, and nonprofit employers to join such self-insured plans and to make conforming changes.

As most of you know, last year I joined State House Speaker Donovan in promoting the Connecticut Health Care Partnership Initiative throughout the state.

That initiative would have allowed municipalities, small businesses and nonprofit organizations to utilize the state employees' health insurance plan in order to empower them to bargain for lower premiums and copayments for their insured.

This legislation could have saved municipalities alone millions of dollars in reduced health care costs:

- New Haven – over \$8.6 million
- Danbury – over \$2.8 million
- Meriden – over \$1.9 million
- Towns like East Hartford and Groton – over \$1.1 million
- Towns like New Britain and Windham – over \$800,000

We traveled across Connecticut conducting roundtables for small business owners, elected officials, and not-for-profit organizations. We received enthusiastic support and positive reactions from various groups including, municipal representatives, union members, small business owners, doctors, and elected officials.

That measure was passed by the legislature only to be vetoed by Governor Rell.

I want to bring to the Committee's attention the need to address the lack of affordable health insurance coverage for small businesses and their employees.

As many of you may already know, as Secretary of the State of Connecticut, I also serve as the state's Chief Business Registrar.

Since 1999, I have worked to protect and enhance the state's small and minority business population, recognizing the fact that for the past 10 years, 96 percent of new job growth in Connecticut has been spurred by businesses of 50 or fewer employees.

Indeed, small businesses are responsible for creating more than 90% of all new jobs in Connecticut, yet with skyrocketing health costs, more than half of the state's uninsured population – about 180,000 people – are employees of small businesses.

Both the Universal Health Care Foundation of Connecticut and the Health Insurance Policy Council agree that the lack of affordable health insurance for small business owners is a priority that needs to be addressed.

The Health Insurance Policy Council in its 2007 report "A Framework for Health Care Reform for Connecticut" cites that **52.2% of uninsured workers and dependents are in firms with less than 50 employees.**

In a survey entitled "Small Business Health Care Network Survey 2006" released by the Universal Health Care Foundation of Connecticut, 95% of Connecticut small business leaders stated that providing health care coverage is an important issue. More than half (52%) named it one of their top business challenges.

More importantly, the survey found that the lack of affordability prevented firms from offering Employer Sponsored Health Insurance (ESI) and that the cost will need to decrease for them to offer ESI in the future. The survey also found that:

Most firms (78.0 percent) that did not offer ESI cited the inability of the business to afford the cost of coverage and more than one-third (39.0 percent) cited the inability of the employees to afford coverage.

The majority of firms (61.5 percent) that did not offer ESI indicated they wanted to provide coverage in the future.

Most small business owners (80.4 percent) believe that all persons in the United States should have access to health care, regardless of their ability to pay.

I have also consistently heard from small business owners through my Small Business Roundtables and Small and Minority Business Showcases that they can no longer afford to provide health insurance coverage to their employees, and that the various programs to assist small business owners with affordable health insurance are too costly and out of their reach.

It is no secret that, in this time of economic crisis and uncertainty, small businesses are struggling with higher energy and other costs and a constrained credit market.

Because of this and high health care costs, many small business employers have been forced to cut back on coverage, eliminate coverage all together, or simply go out of business.

Indeed, in 2008, some 13,456 businesses filed paperwork to dissolve their company, the highest such annual figure since these numbers were first recorded in 2000. This represents an 18% increase in business stops over the 2007 figure, which is the highest year-to-year increase in business closings on record.

The numbers also reveal that Connecticut saw 27,483 new business starts in 2008, which is the 2nd lowest annual figure on record. Only 2003, a post-recession year, saw fewer new business starts. The 2008 figure represents an 11% decrease in new business start-ups as compared with 2007, which is the highest year-to-year decline in business starts ever recorded.

The consequences to our state—lost jobs, loss of income, home foreclosures, loss in tax revenue, and increased unemployment and other expenses to the state—are quite dramatic and evident.

State employee health pool expansion is not a new concept. As many as 24 other states allow local government employees to participate in their State employee plan, including Massachusetts, which opened its State employee plan last year.

By allowing municipalities, small businesses, and non-profits to voluntarily join the state employees' health insurance plan, H.B. 6582 would create a large pool of more than 200,000 people that would put Connecticut in a strong bargaining position when negotiating rates with the major health insurance providers.

Some have expressed concerns about the potential for the insurance providers to increase costs. That is why establishing a Non-state Public Health Care Advisory Committee is so essential.

Municipal employee representatives and others in that committee would be able to advise the Costs Containment Committee on changes in benefit coverage and other bargaining issues pertaining to non-state public employees.

The Cost Containment Committee has been successful in keeping health care cost increases to a minimum in the past.

Making quality health care affordable and accessible is good for Connecticut's economy and is good for taxpayers. I therefore strongly support this legislation.

Lastly, I want to express my support of H.B. 6600 – *An Act Concerning the Establishment of the Sustinet Plan*.

The Sustinet Health Care Plan being proposed by the Universal Health Care Foundation of Connecticut offers Connecticut an innovative vision and plan to accomplish five major goals for our state:

(1) providing access to high quality health care coverage to most Connecticut residents;

- (2) establishing cost-control practices and mechanisms so that health care is affordable and sustainable for individuals, families, and businesses;
- (3) promoting preventive approaches to reduce illness complications and minimize expensive medical intervention;
- (4) addressing racial and ethnic disparities in health care and health outcomes; and
- (5) positioning Connecticut strategically to tap into future federal funding for health care reform such as the proposed \$634 billion Health Care Reserve Fund.

The Foundation's presentation at last Thursday's forum on health care reform provided great insight into ways in which our state can accomplish both: health care for the vast majority of its citizens and cost containment through measures such as electronic medical records and preventive health practices.

Two of the highlights of this plan are the creation of a "medical home" for Connecticut patients and a medical team approach that includes facilitating access to electronic medical records of patients. This plan offers an incentive for adopting electronic medical records as an integral part of health care reform.

An attractive aspect of this legislation is that it seeks to establish Sustinet in a competitive environment that may, in the end, encourage all insurers and medical providers to follow best practices for effective and more efficient health care management and service delivery.

Like all major initiatives, this one would entail a significant investment by state government—over \$900 million dollars.

But long-term savings achieved through the creation of a more cost-efficient health insurance infrastructure and system in our state would make this investment worthwhile. In addition, such investment would allow us to attract federal funding for these health care reform initiatives.

Thank you again for the opportunity to testify before your Committee, and I'll be glad to answer any questions that you may have.