Quality is Our Bottom Line

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Insurance Committee Public Hearing
Tuesday, February 3, 2009
Testimony on behalf of the
Connecticut Association of Health Plans

On behalf of the Connecticut Association of Health Plans, we respectfully urge the Committee to take no action with respect to the following bills:

- **HB 5673 AAC Health Insurance Coverage for Wigs for Individuals with Permanent Hair Loss.**
- **HB 5021 AA Expanding Health Insurance Coverage for Ostomy-Related Supplies.**
- **HB 5023 AA Requiring Health Insurance Coverage for Wound Care for Individuals with Epidermolysis Bullosa.**
- **HB 5024 AAC Health Insurance Coverage for Bone Marrow Testing.**
- **HB5672 AA Expanding Insurance Coverage for Hearing Aids for Children.**
- **HB 5671 AAC Health Insurance Coverage of Prosthetic Devices.**

While each proposal is laudable in its intent, each must be considered in the context of the larger debate on access and affordability of health care. Both the General Assembly and the Administration have pledged, again, this year to address the needs of the approximately 400,000 Connecticut residents who lack health insurance coverage. As we all know, the reasons people go without insurance are wide and varied, but most certainly cost is a major component and there is no question that cost will be added to the system if the above proposals are adopted. As you discuss the proposals above, please consider the following:

- Connecticut has **49 mandates, which is the 5th highest** behind Maryland (58), Virginia (53), California (51) and Texas (50). The average number of mandates per state is 34. (OLR Report 2004-R-0277 based on info provided by the Blue Cross/Blue Shield Assoc.)

- For all mandates listed, the total cost impact reported reflects a range of **6.1% minimum to 46.3% maximum.** (OLR Report 2004-R-0277 based on info provided by the Dept. of Insurance)

- State mandated benefits are generally not applicable to employers (generally large employers) that self-insure their employee benefit plans. **Small employers bear the brunt of the costs.** (OLR Report 2004-R-0277)

- The National Center for Policy Analysis (NCPA) estimates that **25% of the uninsured are priced out of the market by state mandates.** A study commissioned by the Health Insurance Assoc. of America (HIAA) and released in January 1999, reported that "...a fifth to a quarter of the uninsured have no coverage because of state mandates, and federal mandates are likely to have larger effects. (OLR Report 2004-R-0277)

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- **Mandates increased 25-fold over the period, 1970-1996, an average annual growth rate of more than 15%.** The Health Insurance Portability & Accountability Act **(HIPAA) alone will add billions of dollars** in new compliance costs to the healthcare system. (PriceWaterhouseCoopers: The Factors Fueling rising Healthcare Costs- April 2002)

- National statistics suggest that **for every 1% increase in premiums, 300,000 people become uninsured.** (Lewin Group Letter: 1999)

- "According to a survey released in 2002 by the Kaiser Family Foundation (KFF) and Health Research and Educational Trust (HRET), employers faced an average **12.7% increase in health insurance premiums** that year. A survey conducted by Hewitt Associates shows that employers encountered **an additional 13% to 15% increase in 2003**. For 2004, the outlook is for more double-digit increases . **If premiums continue to escalate at their current rate, employers will pare down the benefits offered, shift a greater share of the cost to their employees, or be forced to stop providing coverage.**" (OLR Report 2004-R-0277)

As the state moves forward with initiatives to provide all residents with access to health insurance coverage, mandates must be part of the discussion. The fact that the Committee is considering 6 new mandates just today, some clinical and some administrative in nature, argues for the need for an independent analysis of whether adoption is warranted given their impact on the overall cost of health care.

Several of the bills before you are proposals which the industry worked on previously with proponents to reach compromise. It's a difficult balance which must be struck when deciding various benefit levels of this nature and it's up to policy makers to determine at which point high benefit policies for some make coverage cost prohibitive for others.

We thank you for your consideration.