TESTIMONY
BEFORE THE
INSURANCE AND REAL ESTATE COMMITTEE
LEGISLATIVE OFFICE BUILDING
FEBRUARY 3, 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 asks this committee to reject **HB 5673, AN ACT CONCERNING HEALTH INSURANCE COVERAGE FOR WIGS FOR INDIVIDUALS WITH PERMANENT HAIR LOSS**. The business community and other stakeholders are calling for significant reforms to Connecticut's costly and inefficient health care system. As you consider the various proposals to reform the state's health care system, CBIA asks you to refrain from making the already high cost of health care even more unaffordable for the state's companies and residents.

Every health benefit mandate, while providing a benefit to the individuals who utilize those services, increases health insurance premiums for all state-regulated group and individual policies. In fact, the Council for Affordable Health Insurance (CAHI) reported in its 2006 report on state mandated benefits that

health benefit mandates increase health insurance premiums between less than 20% to more than 50%. Connecticut ranks fourth in the country in terms of overall number of health insurance mandates according to CAHI and those mandates increase group and individual health insurance premiums by as much as 65%.

Connecticut's employers are already struggling to afford health insurance for their employees. The hardest hit among these companies are small employers whose revenues and operating budgets make affording employee health insurance extremely difficult. However, when the legislature adopts new health insurance mandates, it makes affording health insurance particularly difficult for these small employers. This is because state mandated benefits only impact plans that are subject to state regulation. If a company has the financial ability to self-insure, then that company's health plan is governed solely by federal law, including the Employee Retirement Income Security Act (ERISA), and does not have to comply with state health benefit mandates. Companies that are able to self-insure (and therefore not subject to Connecticut's health insurance mandates) are typically larger companies that can afford taking on such risk. Smaller companies usually cannot and are forced to be fully insured and subject to state regulation.

So, Connecticut's health insurance mandates impact smaller employers in the state to a greater degree than larger employers. When the legislature either creates a new mandate or expands an existing mandate, it is making health insurance less affordable for those small companies that can least afford to shoulder these cost increases.

CBIA asks this committee to reject all new or expanded mandate proposals and to enact a moratorium on health insurance mandates. It is crucial that as the state moves forward toward major health care reform, that the General Assembly refrain from taking any actions that would increase the cost of already skyrocketing health insurance premiums.

Again, please reject **HB 5673** and thank you for the opportunity to offer CBIA's comments on this legislation. I look forward to working with you on this and other issues related to the reforming Connecticut's health care system.