



Testimony in Support of Raised Bill 6582

Good morning. My name is Tom Sullivan and I am Executive Director of The Arc of New London County an agency that has been providing services to people with disabilities in Southeastern Connecticut since 1952. Our agency is also a member of the Connecticut Community Providers Association (CCPA) and The Arc of CT. I am testifying in support of Raised Bill 6582 also known as the Connecticut Health Care Partnership Act.

Last year we strongly supported an identical bill. We were very pleased when it passed both the House and Senate but disappointed when it was vetoed by the Governor. We have researched the potential benefit to our employees and the cost to our agency. The attached worksheet compares the current cost of our plans with the current annual premium costs for the State of CT employee insurance program. Since there are many plans to choose from in both scenarios, we based our comparison on the **average** annual premium. Note that the State Insurance Plan will **save** our agency about **\$39,219** per year if we keep the same contribution strategy while offering a significantly better plan to our employees. With a 0% COLA anticipated over the next 2 years on top of the 0% this year, this will represent a savings to the agency and an outstanding benefit that we can offer our employees which will help in our retention and recruitment efforts.

Historically, our rates have increased by double digit margins. We experienced a rate hike of up to 17% in one year! In order to keep our rate increases minimal, we "shop" for the least expensive plan every year, which causes disruption for our employees especially if their physicians and specialists are not on the new plan we switch to. The state plan caps rate increases to 8% which offers a significant protection and is much lower than increases we have experienced in recent years.

The winners in this scenario are clearly our employees. With our current plan, there are many co-pays and deductibles which the employee must pay out-of-pocket on top of what is deducted from their pay. With the Connecticut Health Care Partnership Plan, we anticipate that our employees will see a significant decrease in out-of-pocket expenses. Two noted examples of this would be:

a. **Prescription Drug Coverage:** Employees under our plan must pay at least \$10 for a generic drug, but could pay up to \$40 for brand name drugs. Oftentimes there are not generic substitutes. We have employees who take up to 6 prescription drugs per month costing them over \$200 (and this is with insurance!). Under the State plan, Brand Name drugs are only \$6 and generics \$3.

b. **Hospital Co-Pays:** A major premium driver in our marketplace is the Hospital Co-Pay. Our plans have a \$500/Day deductible for up to 4 days. It is conceivable that employees will have to pay \$2,000 out of pocket if hospitalized (and that's with insurance!). There are no hospital co-pays with state insurance.

As you know, the non-profit workforce is low paid. Many employees work for our agency so that they have the opportunity to obtain Health Insurance. We therefore, want to ensure that we offer the best plan possible. A happy, healthy and motivated workforce translates into better quality in our services. Being able to offer State Insurance plans would help us retain existing employees and recruit new talented people to come into our field, since employees assign such a high value to good and affordable health care.

I recognize that the plans contained in this legislation would not work for every agency, municipality and small business, however it would be a tremendous benefit for our agency and our employees.

For this reason and the reasons I mention in my testimony, I strongly support this legislation to allow the non-profit community access to State Insurance Benefits.

TJS: 03/02/09