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**Testimony before the joint public hearing of the
Public Health, Human Services, Insurance and Real Estate Committees**

March 2, 2009

Good afternoon. I come before you in support of H.B. 6600, an Act to Establish the SustiNet Health Plan. This bill is based on the most detailed policy analysis for health care reform the General Assembly has before it. Universal Health Care Foundation seeks to improve the health of the people of Connecticut and make the health care system work for everyone. To inform the design of this policy proposal, our foundation evaluated health outcome and health care spending data, and sought the ideas and advice of a range of stakeholders.

I want to make three clarifying points about SustiNet.

First, even before the economy began shrinking in 2008, we understood the prudence of phasing in the various groups to be covered. The economic impact of the policy design was thus simulated over a five year period, from 2011 through 2016. With SustiNet, coverage costs are first incurred in 2012. The micro-simulation shows that by 2016, if measures such as chronic illness management through value-based benefits design, electronic medical records and quality standards are robustly implemented, Connecticut can expect to slow the rate of total health care spending. With SustiNet fully implemented, by 2016, that rate will begin to decline by 2-3%. Left unchecked, the rising cost of medical care will dominate the Connecticut economy and swamp the state budget.

Second, SustiNet leverages the state of Connecticut's ability to secure better value for the health care dollar. Think of the state's residents as shareholders. What other multi-billion dollar corporation wouldn't use its negotiating power to deliver greater value to its shareholders? SustiNet will save businesses and households \$1.7 billion in lower premiums and out of pocket costs. Its expansion of coverage eligibility will leverage at

least \$800 million in new federal money. That's a return of \$2.60 for every dollar of state investment. The "SustiNet Authority" will govern both the policies of the health plan and health system innovations with a focus on results, accountability and transparency.

My **third point** is about the sources of new costs to the state government. If we begin coverage in 2012, by 2014, 98% of the state's uninsured will have coverage, either through SustiNet or through their employers' plans. In 2014 the state of Connecticut begins full-scale provision of premium subsidies to that part of the working middle class whose earnings make them ineligible for Medicaid but who still cannot afford the coverage their employers may offer them. That year, the state also increases, on a graduated basis, reimbursement rates to providers who care for people on Medicaid and HUSKY, thereby reducing the shift of costs for uncompensated care to the private sector.

Members of Connecticut's business community were clear to us that the cost shift is a problem they feel must be addressed in any health care reform. For the same reason, in 2007 the CT Insurance Policy Council also recommended increased Medicaid rates.

Business people from small and large firms throughout the state, residents meeting in churches and schools from Griswold to Norwalk, pediatricians to cardiologists have all weighed in and told us that coverage is key but that the system of health care as we know it is unsustainable and we can't build expanded coverage onto it. We as a state, they told us, must **also** tackle unabated cost growth and inconsistent quality of care relative to income, race and insurance coverage. These demands were affirmed in the Health First Authority's public hearings last year.

We are in a unique position in Connecticut to demonstrate that a public health insurance plan alongside the private market, coupled with prevention, cost control and quality enhancement strategies can improve the health of our state, and make us more economically competitive. In the short run, passage of H.B. 6600 will enable Connecticut to make maximum use of stimulus funds for electronic health records,

thereby building data capacity. Sustinet will make Connecticut "action ready" to use resources from the Obama administration's health reform initiatives. As the panelists last Thursday all said in one way or another, only systematic reform will get us there. I respectfully submit that Sustinet is your most complete and effective blueprint for that reform.

