

# State of Connecticut

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**Testimony Before the Planning and Development Committee  
State Comptroller Nancy Wyman  
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Good morning Senator Coleman, Representative Sharkey, Senator Dasano, Representative Aman and distinguished members of the Planning and Development Committee. I am State Comptroller Nancy Wyman and I would like to thank you for the opportunity to testify before the Committee today.

As many of you know, I have long been a supporter of allowing municipalities and small businesses to buy health insurance through purchasing pools that would spread their risk and lower premiums.

My office administers the Municipal Employees Health Insurance Plan (MEHIP), which was originally created to use the state's purchasing power to negotiate more favorable rates for municipalities. Over the years, MEHIP has been expanded to include non-profit organizations and small businesses of fewer than 50 employees.

Most recently, we have developed an initiative called Enhanced MEHIP that would allow municipalities to achieve savings by joining together in a self-funded pool that offers a standard set of benefit plans.

**Proposed Substitute Bill 5337, "An Act Authorizing Two or More Municipalities to Pursue Joint Employee Health Insurance Plans,"** would allow municipal boards of education to band together in order to buy fully-insured health insurance or prescription drug insurance. Unlike self-insured plans, fully-insured products give insurance carriers the discretion whether or not to underwrite the group. These products are also placed under the regulation of the state Department of Insurance.

I support this proposal as an additional tool municipal board of educations can use in combating the rising costs of health coverage and encourage the committee to include municipal employees as well.

However, I also believe that both entities would achieve the greatest benefit by being allowed to create a self-insured group. In order to regulate this market and avoid the potential legal complications associated with Multiple Employer Welfare Arrangements (MEWA's), I suggest that either the Department of Insurance or the Office of the State Comptroller maintain oversight as a logical extension of MEHIP.

I would also like to comment on the language in section 2 (b) of this proposal. While I commend the Committee's intention to create greater transparency, I would encourage the exploration of language that requires brokers to disclose all fees received from insurers including contingent commissions, bonuses and other forms of compensation.

I look forward to continuing to work with the Committee to make this legislation a viable alternative to help municipal board of educations lower the cost of providing health coverage to their employees.

Additionally, I would like to briefly comment on Section 34 of the Governor's Bill 5031, which would require the State Employees Retirement Commission to establish a new, lower-cost tier in the Connecticut Municipal Employee Retirement System (CMERS). Currently, 76 cities and towns are participating in CMERS, which is funded by the municipalities and administered by the state.

I understand that both the Governor and the MORE Commission have expressed interest in creating this additional tiered benefit in CMERS for newly-hired municipal employees in order to lower costs, and I support exploring this initiative.

My staff and I will be happy to work with the Committee on any specific questions they may have in regards to the status of CMERS.

Thank you for the opportunity to comment on these proposals.