

RB No. 16

Good Afternoon Senator Crisco, Representative Fontana, Members of the Insurance and Real Estate Committee.

My name is Rich Pokorski and I am the Benefits Administrator for the City of Hartford. I oversee the medical, life, and disability insurance as well as Workers Compensation programs in the City of Hartford.

I am here in support of *Raised Bill 16, An Act Exempting Municipalities from the Insurance Premium Tax.*

The City of Hartford is an entity that is self insured. Unfortunately the DOI considers us a split funded plan through historical agreement that allows member grievances be heard at the DOI. As such, we also pay the premium tax to the State of Connecticut although we remain self insured plan.

The City remains in a precarious position in many ways moving into the next Fiscal Year. A budget deficit is anticipated in the tens of millions. Although this premium tax pales in comparison to our overall budget approaching \$100 million or 20% of the entire City budget, it nevertheless would assist the City in some very important initiatives we've begun to undertake.

I have attached 2 slides depicting why the City of Hartford has a Mission to Change Health Behavior:

1. *50% of a person's health status is the result of modifiable behavior.*
2. *30% of health spend from 1989-2004 was caused by obesity and related morbidities.*

The time for focusing on the left side of the ledger has passed. Plan design and co-pay amounts are only part of the story. We need to focus our initiatives on the right side of the ledger and improve the health of our employees and educate them to be accountable for their own health and wellbeing and the health and wellbeing of their families.

HARTFORD INITIATIVES IN 2009

- o Commitment from Leadership in the Wellness Space. (Articulate strong organizational values to cause).
- o Educating employees about the culture of health. Getting a buy in from employees as a "social contract." (Created a Wellness Newsletter sent through City intranet and BOE through Principals and engaging PE Teachers).

- Assess Employee interests. (**Engage Employees through a Wellness Committee and increase workplace morale**).
- Creating opportunities to live healthier lives. (**Fitness Room, Vending Machine Choices, establishing a Farmers Market that employees and residents can have access to fresh fruits and vegetables**).
- Engaging carriers to target chronic diseases through disease management programs to provide information and outreach to employees. (**Abacus Health Management, Diabetes Incentive**).
- Engaging exercise as a component of healthy lifestyle. (**Shape up the Nation Team based competition at City Hall. Biggest Loser at Classical Magnet School**).

The need to mitigate plan costs, increase employee productivity and improve workforce health is of primary concern.

Conclusion:

It is not enough to eliminate the premium tax to municipalities. Eliminating the tax on health premiums will then divert to other City line items.

As a Benefits Administrator, I propose that rather simply advocate its elimination, the tax be reimbursed to a municipality when comprehensive initiatives are undertaken to improve the lives of their workforce mitigating costs, and mandating these reimbursements be used on Municipal Health and Wellness Initiatives.

Thank you. I am available to answer any question the Committee members may have.

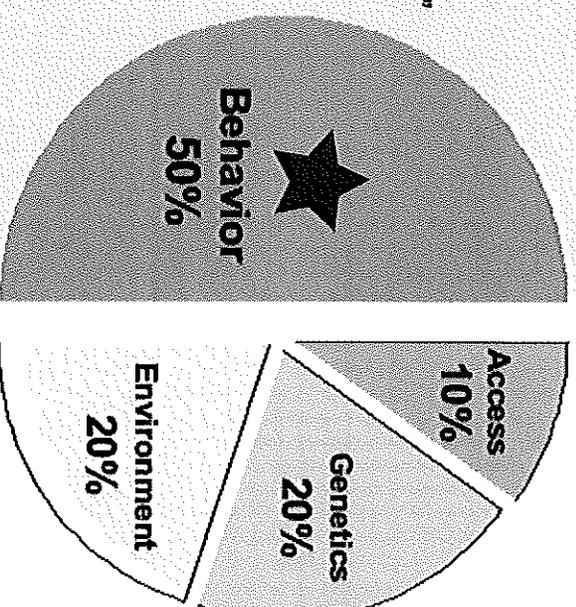
What the Data Shows

Fifty Percent of a person's health status is a result of behavior*

Behavior*: decisions we make each and every day with respect to our wellbeing...

Decisions, Decisions

- "Should I quit smoking?"
- "Let's use the Emergency Room... it's closer to home"
- "I'd rather use my out-of-network doctor than a Premium-designated provider"
- "I don't need a mammogram yet."
- "I didn't know my benefits included a Healthy Weight program"
- "My cholesterol is high, but I don't know what to do about it."



* Source: IFTF, Center for Disease Control and Prevention

Setting the Scene: Why Wellness?

- ↳ Majority of spending growth past 15 years due to modifiable population risk factors
 - Obesity, smoking, diet, lack of exercise, stress
 - Obesity alone (with related morbidities) accounts for 30% of spending increase 1989-2004
- ↳ Employers must address behavior risks and chronic illness to stand a fighting chance against expenditure growth
- ↳ Preventable disease
 - 80% of heart disease is preventable
 - 40% of cancer is preventable
 - 80% of Type 2 Diabetes is preventable

Source: Thorpe, et al, "The Rise in Health Care Spending...", Health Affairs, Nov/Dec 2005