STATE OF CONNECTICUT

INSURANCE DEPARTMENT

Testimony of the Connecticut Insurance Department

Before
The Insurance and Real Estate Committee

February 10, 2011

SB 312—An Act Eliminating the Age Cap for Health Insurance Coverage for Specialized Formula

The Connecticut Insurance Department would like to offer the following general comment regarding the potential budgetary impact of SB 312—An Act Eliminating the Age Cap for Health Insurance Coverage for Specialized Formula in light of the Patient Protection and Affordable Care Act of 2010 (P.L. 111-148) (PPACA), as amended.

When considering the enactment of new or additional health insurance mandates, the Department respectfully urges the Committee to understand the future financial obligations they may place on the State of Connecticut and taxpayers.

The PPACA requires that by January 2014, each state shall establish an American Health Benefit Exchange (Exchange) that facilitates the purchase of qualified health plans. Qualified health plans will be required to offer an essential benefits package as determined by the Secretary of Health and Human Services (HHS). PPACA Section 1311(d)(3) provides that a State may require that qualified health plans offered in the State offer benefits in addition to the essential health benefits, but, if the State does mandate additional health benefits be provided, the States must assume the cost of those additional benefits by making payments to an individual enrolled in a qualified health plan offered in the State or, to the qualified health plan on behalf of the enrolled individual to defray the cost of the additional benefits. **In simple terms, all mandated coverage beyond the required essential benefits (as will be determined by HHS) will be at the State's expense. Those costs may not be delegated to the individual purchaser of insurance or the insurer.**

Essential benefits have yet to be defined by HHS; therefore, there is no mechanism for determining if these proposed mandates will fall within the definition of essential benefits or not. However, should they be passed into law and be determined to exceed the essential benefit requirements, the State will have an immediate financial obligation to pay the cost of each of those mandates to the individual or to the insurers effective in 2014.