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Written Comments of America's Health Insurance Plans
Insurance and Real Estate Committee
Public Health Committee
Human Services Committee
Public Hearing February 14, 2011

America's Health Insurance Plans (AHIP) appreciates this opportunity to present testimony on HB 6305 AAC Implementation of the Sustinet Health Plan. AHIP is the national association representing approximately 1,300 health insurance plans that provide coverage to more than 200 million Americans. Our members offer a broad range of insurance products. Our member companies and our staff have been working diligently to implement federal Affordable Care Act (ACA) health care reform in the states, to create the market-based system contemplated in ACA that will continue efforts begun first many years ago in Connecticut to ensure access to coverage to all citizens. Working with the Connecticut Association of Health Plans and our member companies in Connecticut, we have retained a well-known consulting firm to develop an objective analysis of both the Sustinet study/report and the Sustinet legislation that will be useful to the legislature, administration and others and hope to have that analysis to you next week.

As mentioned, Connecticut has always been a leader in developing market-based solutions to health insurance problems, using the expertise of the large local industry to help fashion solutions that will work. Going as far back as the 1970s when the Health Reinsurance Association was created to provide access to high risk individuals, to the enactment of small employer health insurance reform in 1990, the first such reform in the nation that served as a model for the rest of the nation, Connecticut government and industry have always worked together to find solutions that will work. Unfortunately, the Sustinet model, as reflected in this bill, rejects the successful approaches of the past and turns to an approach, the public option, that has been rejected at the federal level. **AHIP cannot support a bill containing a public option.**

We believe that a public option is not necessary and that the Sustinet approach to bringing more populations into the state's self-insured program will create serious budget risks, both to start up and administer such coverage programs and in bearing the full risk of the newer covered populations. It will also threaten thousands of jobs of Connecticut citizens currently employed in the health insurance industry. We are also very concerned that the savings projected for Sustinet, other than those that come from federal ACA funds that would come to Connecticut without Sustinet, could only be achieved through tighter control of provider reimbursements as are now seen in Medicaid. That approach will increase the cost shift to those employers and individuals still purchasing private coverage and exacerbate the ongoing challenge of the state to develop adequate networks for its programs.

We urge the committees to be open-minded as you move forward with this historic effort, to take advantage of the expertise that you have readily available to you from our industry and to fashion a market based solution that is more consistent with federal reform, one that reflects Connecticut's long history of forging solutions that work in the real world, stand the test of time and serve as a model for all the other states.

RB 921 AA Establishing A State Health Insurance Exchange is an example of a bill that better addresses the need to get directly at implementing federal reform. It is generally consistent with exchange legislation

drafted by the National Association of Insurance Commissioners and bills that we have seen in other states and provides a balanced approach to establishing an exchange. Our policy staff at AHIP and our member companies in Connecticut have spent an enormous amount of time working on exchange issues across the country and look forward to working with you to crafting an exchange in Connecticut.

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