



STATEMENT REGARDING
House Bill 6305: AAC Implementation of the Sustinet Plan
Insurance & Real Estate, Public Health & Human Services Committees
February 14th, 2011

The MetroHartford Alliance is the region's economic development leader and Hartford's Chamber of Commerce. Our investors include businesses of all sizes, health care providers, institutions of higher education, and regional municipalities.

While we continue to face extreme fiscal challenges, we urge the legislature to make Connecticut's economic recovery its only priority and to pass a balanced budget by April 30th.

Consider the facts:

- Currently, Connecticut has the *highest* deficit per capita in the entire nation compounded by the highest bonded indebtedness.
- We are facing deficits in the next biennium that exceed \$7B, while unfunded public retiree pensions and healthcare hover around \$46B.

Given these enormous obstacles to job retention and job growth, any legislation that is irrelevant to the vital work that is being done to balance the state budget should be postponed until the state is on solid financial ground. Any legislation that exacerbates these conditions by making our state *less* competitive, increases the deficit or expands the size of state bureaucracy should be rejected on arrival by anyone who truly wishes to create jobs in Connecticut. Unfortunately, House Bill 6305 meets all of these conditions. In fact, questions regarding the fiscal impact of the bill remain unanswered, and Connecticut simply cannot afford to increase its debt exposure. Our focus should be on meeting the state's existing financial obligations, including a \$200M shortfall in the state's Medicaid account.

In fact, several *high* impact, *low* cost recommendations that would not require the creation and cost of establishing an entirely new quasi-public authority have actually been developed and shelved in recent years. In 2007, we supported and participated on the Connecticut Health

Insurance Policy Council (CHIP), a non-profit entity which focused on controlling health care costs and expanding access to quality health care. The CHIP recommendations focused on encouraging individuals to take personal responsibility for their wellness, make appropriate use of the state's robust health care system, and participate in one of Connecticut's existing health insurance plans. The CHIP report specifically emphasized the need to:

- reduce the number of existing mandates and allow greater efficiencies in product development and approvals at the department level to create flexible benefit options, and improve access to affordable care;
- promote healthy lifestyles with employer-sponsored wellness programs and greater emphasis on prevention overall;
- increase Medicaid reimbursement rates to hospitals, which are receiving only 73 cents on every dollar of care to Medicaid patients, forcing overall health care costs to rise;
- use e-medical records, electronic information exchanges and telemedicine more efficiently to improve patient safety, expedite treatments and reduce redundant care, ultimately reducing costs; and
- provide more quality data to consumers to help them make more informed health care choices.

To these points, the Sustinet bill does not address the high cost of state mandates that drive up the cost of health insurance especially for small businesses. Its proposal to create a quasi-government authority, the Sustinet Plan Authority, is not aligned with the Governor's directive to streamline government. And most importantly, its inexperience of managing health plans will undoubtedly increase the budget deficit and impact the existing, high-paying, health insurance jobs that are inextricably linked to our economy.

Finally, there are concerns that House Bill 6305 is ill-timed and proposes "reform ahead of the reform." Many of the same components of the Sustinet proposal are already mandated by federal reform.

For all of these reasons, we urge rejection of House Bill 6305.