

TESTIMONY to the Public Health Committee  
March 23, 2011

**In favor of SB-1204, An Act Establishing the Connecticut Health Insurance Exchange**

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Executive Director

Thank you for the opportunity to testify in favor of this important bill. The national Affordable Care Act provides Connecticut with unprecedented opportunities to cover uninsured state residents, make health care more affordable for families and businesses, and improve the value of what we purchase. A critical state role in health reform is creating a viable, trusted health insurance exchange, as described in this bill.

The public's trust in the insurance industry and government regulators has been undermined by decades of weak consumer protections and a sense that the deck is stacked against consumers in favor of big insurance companies and providers. Connecticut's health insurance exchange must not only be independent of conflicting interests, it must be above even the perception of conflicts. Leadership of the exchange must make only the best interests of consumers their priority. It is critical that anyone actively involved in or linked to the insurance and provider industries not serve on the Board of the exchange. SB 1024 includes strong conflict of interest provisions in establishing the governance of the CT Health Insurance Exchange, prohibiting people with financial ties to insurers and providers, who negotiate with insurance companies for their compensation, from serving on the governing Board. Only experts, state agencies and consumers are represented. Our state is very fortunate to have many smart people, not burdened by conflicts of interest, to fill these roles. Neither insurers nor practicing providers serve on Massachusetts's, Maine's or California's exchanges. Including insurers and providers on the Board of Directors could create legal problems for the state delegating authority to an entity with a potential conflict of interest.

SB 1024 also includes clear language that the Exchange will be an active purchaser of health insurance for Connecticut consumers. Currently making wise insurance decisions for individuals and small businesses is nearly impossible. Offerings are confusing, lengthy and unnecessary. Employees of large companies are grateful that human resource departments and unions assist them in cutting through the complexities and help them make the right choice. Unfortunately small businesses and individuals have no such help. Allowing the Exchange to set reasonable standards for policies offered give these consumers the same benefit. Competition to participate in what will be a large, lucrative part of Connecticut's insurance market covering an estimated 10% of all consumers in our state by 2019<sup>ii</sup>, will serve to raise the bar and improve the quality of all insurance products in the state, even those offered outside the Exchange.

In short, SB 1024 creates a real marketplace with useful information allowing Connecticut's struggling consumers, who will be required to purchase coverage, to make the right choice for their needs. It will also move competition in Connecticut's health insurance market from counterproductive risk segmentation and deceptive marketing to one where plans compete based on offering the best products that meet consumers' needs. I urge you to adopt SB 1024 and thank you for your time and your commitment to the health of every Connecticut resident.

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<sup>i</sup> T Jost, Health Insurance Exchanges and the Affordable Care Act: Eight Difficult Issues, Commonwealth Fund, September 2010,  
[http://www.commonwealthfund.org/~media/Files/Publications/Fund%20Report/2010/Sep/1444\\_Jost\\_health\\_ins\\_exchanges\\_ACA\\_eight\\_difficult\\_issues\\_v2.pdf](http://www.commonwealthfund.org/~media/Files/Publications/Fund%20Report/2010/Sep/1444_Jost_health_ins_exchanges_ACA_eight_difficult_issues_v2.pdf)

<sup>ii</sup> The Impact of the Patient Protection and Affordable Care Act (ACA) on Insurance Coverage and Health Care Expenditures in Connecticut, RAND, January 2011, in press.