

Testimony of Frances G. Padilla
Joint Hearing of Public Health, Insurance and Real Estate and Human Services Committees
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Good afternoon. My name is Frances Padilla and I serve as Vice President for Program, Policy and Administration at the Universal Health Care Foundation of Connecticut. I come before you in support of HB 6305, SustiNet. Let me address some of the burning questions with this bill.

No, SustiNet does not propose to offer the state employee plan to all of Connecticut. State employees and retirees stay in one pool, joined voluntarily by municipalities. Medicaid and HUSKY members stay in a second pool, retaining their benefits. Small businesses, nonprofits, individuals and after 2012 municipalities, if they want to, go into the third pool. This 3rd pool is the so-called public option.

The powerful connection between these three groups is that all enrollees will receive their care under a 21st century approach – primary care medical homes with an emphasis on prevention; electronic health records; evidence-based practice and payment reform. Combined with an infusion of new federal dollars, these reforms will slow the rate of spending on health care, saving the state between \$226 million and \$277 million starting in 2014.

Why is a public option important in Connecticut? Businesses and individuals need options. Consolidation results in fewer choices. With mergers and acquisitions, the health insurance market has become increasingly consolidated. Even CBIA's Healthy Connections program is down to two insurers.

The bill charges the Sustinet Authority board with expeditiously commissioning a rigorous business plan that includes a market analysis, a competitor analysis, a marketing plan, an operating plan and a financial plan.

It charges the board with meeting a definitive deadline, January 1, 2014 at latest for establishment of the public option, but not without careful and responsible analysis of how the plan will be self-sustaining. The bill assumes that at least one administrative services organization will be utilized to operate Sustinet.

How about Responsible Open Governance? HB 6305 calls for establishment of a quasi-public agency with a board reflective of all the expertise needed to carry out Sustinet effectively. In addition – and unlike private insurance companies – there will be a consumer advisory board to inform the board in its decision-making and policy-setting.

Is this government-run health care? No, it's an opportunity for the state to leverage its purchasing and bargaining power and to lead by example. Health, effective health care delivery and cost effective health spending are all intimately tied to economic recovery. Health care is almost 1/3 of our state budget. The health sector is an important source of employment. Sustinet preceded federal reform and when we got it, it turns out it looks a lot like Sustinet, except the feds can't carry it out in the synergistic, systematic way a state can attempt. If done right, the impact on the General Fund will to be positive.

What about jobs? How did the typewriter industry respond when word processing overtook the landscape? How could an additional 400,000 covered lives mean less business? CT just received a grant to develop the data needed for strategic healthcare workforce planning for the next decade. On the contrary, we need training pipelines to prepare our workforce for the opportunities that will come.

Conclusion: Sustinet is part of the economic recovery of Connecticut. All the bills before this joint hearing today are related to slowing cost growth. Sustinet holds promise for the state to save money and streamline health care spending, and it will strengthen the ability of small business – the backbone of Connecticut’s economy -- to recruit and retain good workers and create new jobs.

I’m happy to answer any questions.