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*Testimony of*

**Ray Rossomando, Legislative Coordinator  
Connecticut Education Association**

*Before the*

**Public Health, Human Services, and Insurance and Real Estate  
Committees**

**Re: House Bill 6305 AAC Implementation of the Sustinet Plan**

*February 14, 2011*

Good morning Senator Stillman, Senator Musto, Senator Crisco, Representative Ritter, Representative Menga, Representative Tercyak, and members of the Public Health, Human Services, and Insurance and Real Estate Committees. My name is Ray Rossomando, Legislative Coordinator for the Connecticut Education Association, representing 40,000 teachers across the state.

I am here to speak in favor of proposed HB 6305 AAC Implementation of the Sustinet Plan, which establishes a Sustinet Plan Authority (SPA) as a quasi-governmental instrumentality of the State overseeing the Sustinet Health Plan.

The work of your respective committees toward the goal of controlling costs and promoting access is represented in the items on today's agenda. Your continued commitment toward these goals is greatly appreciated.

Simply put, the skyrocketing cost of delivering health care is unsustainable, taking in its wake the resources needed to make Connecticut more competitive, especially with respect to continually investing in our public schools.

Health care and insurance costs are an increasing share of State and local budgets, squeezing out investments in growth, reducing services for those in need, and limiting resources that can help our schools continue to be the best in the nation.

Soaring health care and insurance costs are also a larger share of family budgets, causing fiscal distress and difficult choices for all workers whether they be teachers, firefighters, clerks, or carpenters.

Our concern is most notably on behalf of teachers who year-after-year have assumed a greater proportion of the health insurance costs they share with boards of education. According to the Kaiser Foundation's 2009 Employer Health Benefits Survey, health insurance premiums jumped 131% in the 10 years prior. The report further noted that this growth rate greatly outpaced inflation and was three times greater than wage increases during that period.

Over the last couple of years, thousands of teachers across the state saw their salaries frozen, while many also experienced increases in their insurance premiums exceeding 20%.

For example, last year the Oxford Board of Education received a 37% health insurance rate increase from its insurer. The Region 8 School District (Andover, Hebron, and Marlborough) was hit with a 24% rate increase and Darien saw a rate increase of 47%. The impact of increases like these on teachers, especially those who had agreed to salary freezes, is a net reduction in take home pay at a time when families and our economy could benefit greatly from having more disposable income in their wallets.

The need to address soaring health insurance costs must be met by a comprehensive plan that addresses myriad inter-related moving parts of our health care delivery system. The Sustinet Plan builds in economies of scale by pooling the state employee insurance pool with non-state public employers like towns and boards of education – something 24 other states also do. It addresses administrative costs. And, it provides options for small businesses and individuals to be included in a more affordable pool of workers.

We support HB6305 and believe that enactment of the Sustinet Plan will mark a watershed in Connecticut's history. We believe that the savings to school districts will help spur investment in resources that will make our schools even more successful. We believe that savings to workers – whether teachers, firefighters, manufacturers, or nurses – will help Connecticut families make ends meet. And, we believe that long-term potential for reduced costs throughout the system will help return investment into the community.

We urge your support and also ask that as this bill moves forward, you consider areas where we believe some improvement could be made.

For instance, there also appears to be no recognition in the bill of the potential impact of the federal Affordable Care Act tax on plans that exceed specific premium thresholds. We urge the committee to include language ensuring that among the SPA coverage options are plans that do not trigger the federal tax.

Section 3 establishes a 15-member SPA Board that includes one representative from organized labor. We believe that due to the numerous public and private industries, services, and economic sectors represented by organized labor, there should be a second member

specifically representing non-state public employees. It is highly likely that the largest group that will be initially part of the overall Sustinet Plan pool will be non-state public employees. We believe that there should be representation specific to this group.

Sections 14 and 16 address participation in the Sustinet Plan for non-state public employers. We are concerned about a provision that could constrain savings by hindering participation. The bill makes initial participation in the Sustinet Plan a permissive, rather than mandatory, subject of bargaining. It only converts the question of participation into a mandatory subject of bargaining for those groups who have previously agreed to do so.

Making initial participation in the plan a permissive, rather than mandatory, subject of bargaining could artificially constrain the potential participation of 110,000 municipal and board of education employees across Connecticut. A reduction in participation would ultimately limit the savings not only to employees, but also to municipal taxpayers who share in the costs. Consequently, we respectfully ask the committee to consider making non-state public employer participation in the state employee plan a mandatory subject of bargaining from day one.

We are pleased to see that the bill clearly guarantees that plan participants will continue to receive mandated insurance coverages. We believe that it is critically important that state mandated insurance coverages remain in any final bill that becomes law.

We thank each of you, and the Sustinet Health Partnership Board of Directors, for the diligent work you have and continue to take on in support of a better Connecticut.

Thank you.