

Speaker Donovan, Chairman Megna, and members of the committee,

My name is Charles Beyer. I am a resident of Waterbury, and own and operate a small manufacturing facility in Wolcott, on the Waterbury town line. I am here to speak in favor of HB 5487, The Small Business Healthcare Bill.

Last September, I received a phone call from Speaker Donovan's office asking if I would like to participate in a working group on small business health care. I gladly accepted the opportunity to try to find a solution to a problem which was greatly hurting job growth in Connecticut.

I support all the tenets of the bill, but I would like to especially speak in favor of implementing "community rating" in the small group market. This is covered in Section 8 of HB 5487 and based on Recommendation #4 of the Speaker's Working Group on Small Business Health Care Report dated 1/30/2012 which states:

Implement "pure " community rating in the small group market so that a small business's premiums can no longer be adjusted based on the age, gender or similar demographics of the group.

Rationale: Vermont and New York currently require health insurers selling small group policies to charge community-rated premiums. Insurers charge all people covered the same type of health insurance policy the same premium without regard to age, gender, health status, occupation or other factors. The insurer determines the premium based on the health and demographic profile of the geographic or total population covered under a particular policy. In essence, this change would aggregate risk across the whole book of business so that costs would be spread equally across the covered lives, averaging higher cost groups and lower cost groups. This means that premiums will no longer rise just because employees grow older. This system removes a disincentive on small employers to hire older, more skilled workers.

In my small manufacturing business, I have to employ highly skilled machinists who are in their 50s and 60s. Their health insurance costs run upwards of 28% of their wage. On top of that, many small manufacturing owners are also in their 50s and 60s. This leaves little money left over for hiring a trainee and thus no job creation and no future for manufacturing in Connecticut.