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Concerning
HB 5487 An Act Concerning the Recommendations of the Small Business Health Care Working Group and Claims Information Required to Be Provided by Insurers

March 13, 2012

Senator Crisco, Representative Megna, Senator Kelly, Representative Sampson and Members of the Committee:

Thank you for raising HB 5487—*AAC the Recommendations of the Small Business Health Care Working Group and Claims Information Required to Be Provided by Insurers.* I would also like to thank House Speaker Christopher Donovan, his staff and the Small Business Health Care Working Group for their efforts in drafting this legislation. This bill promises to help small employers overcome one of the greatest obstacles in doing business in Connecticut: providing affordable health care to employees.

The Connecticut Business Industry Association (CBIA) reported in a 2007 survey that 68% of their members found health care costs affected their ability or willingness to hire workers. In its Report and Recommendations released this past January, the Speaker's Working Group on Small Business Health Care noted that offering health care is the highest expense of running a business, after employee salaries. The Report also cited that according to the Kaiser Family Foundation, only half (53.1%) of Connecticut businesses with 50 or less employees can offer health care coverage.

Public Act 11-58 enabled the Office of the State Comptroller (OSC) to offer a CT Partnership Plan to non-state public employers. The fundamental goal of the program is to extend the advantages of the state's large employer-sponsored health care plan to other public employers and non-profits who receive most of their revenue from government sources. Through economies of scale and risk pooling, the state can offer lower administrative fees, lower premium rates, and stronger cost stability than

individual municipalities and boards of education can achieve on their own. H.B. 5487 would authorize my office to offer the CT Partnership Plan to additional employers throughout the state.

Today, I would like to report on our progress in implementing and offering the CT Partnership Plan for municipalities and boards of education, which are eligible to participate beginning this July.

Over the last several months, my office has been working with the Healthcare Cost Containment Committee, and its voting members from the Office of Policy and Management (OPM) and the State Employees Bargaining Coalition (SEBAC) to approve an agreement on plan design, actuarial methodology, and participation rules. Following this recent agreement, I am pleased to say the CT Partnership Plan is now available to non-state public employers throughout the state.

The CT Partnership Plan is the same design as the state employee health care plan. The plan offers a robust local and national provider network, a large network of convenient labs, in- and out-of-network care with no referrals required. In addition, the CT Partnership Plan includes the same voluntary Health Enhancement Program as the state's plan to improve health outcomes while lowering future health care costs. Those who enroll in the Health Enhancement Program and follow the requirements will pay no deductible for in-network medical care for the plan year. As with the state plan, program requirements primarily include age-appropriate wellness exams and screenings.

As we prepare to launch the CT Partnership Plan, my office has been gathering health care plan data from towns and boards of education across Connecticut. So far, our analysis shows that over 50 towns and boards representing over 50,000 covered lives would financially benefit from participation. The CT Partnership Plan also provides year-to-year premium rate stability that towns and boards cannot realize on their own.

Public Act 11-58 calls for the CT Partnership Plan to be offered, beginning in January 2013, to non-profits that receive more than half of their revenue from public sources. HB 5487, as currently drafted, would further expand the CT Partnership Plan's reach to include municipal-related private employers and to small employers, defined as those with 50 or fewer employees, beginning on July 1, 2013.

In order for my office to effectively transition this new group of participants into the plan, I would respectfully request that the bill as drafted be amended to reflect an implementation date of January 2014.

Further, as a note of caution, extending the CT Partnership Plan to private employers does raise federal regulatory issues, particularly those involving the Employee Retirement Income Security Act (ERISA). For retirement plans, and for certain aspects of health care plans, ERISA pre-empts state law. ERISA oversight of the state employee health care plan could raise our administrative costs and require us to follow regulations issued by the U.S. Departments of Labor and Treasury.

My office is consulting with the U.S. Departments of Labor and Treasury on how best to structure the CT Partnership Plan as we potentially extend coverage to private employers in the state. We clearly do not want to compromise the state employee plan with any proposed extensions and we will continue to update you as we learn more.

I look forward to working with the Committee and Speaker Donovan on any modifications necessary to this bill so that its goals are attainable. Thank you for your consideration, and for raising this important legislation.