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Council 4 AFSCME
Testimony before the Insurance and Real Estate Committee of the
Connecticut General Assembly
March 13, 2012

Senator Crisco, Representative Megna, and members of the Insurance Committee. My name is Matthew Brokman, and I am a political representative of Council 4 AFSCME. Council 4 represents 35,000 Connecticut public and private employee members.

We support HB-5487, AN ACT CONCERNING THE RECOMMENDATIONS OF THE SMALL BUSINESS HEALTHCARE WORKING GROUP AND CLAIMS INFORMATION REQUIRED TO BE PROVIDED BY INSURERS.

Last year, the General Assembly passed legislation to allow municipalities to take advantage of the state's bargaining power and purchase good health insurance at affordable prices. We have been working with our municipal locals and the Comptroller's office to encourage participation in the plan. When our municipal members are able to compare their current plan offerings and prices to that of the state pool they have the option to join, they are surprised and grateful. This legislation would allow small business employees the same opportunity.

Pooling is proven to lower costs and expand quality care. For example, the City of Hartford was the first municipality to take advantage the state's buying power with respect to prescriptions. Pooling saved the city nearly \$2 million, led to the state reaching higher rebate-levels due to more plan enrollees, and provided the employees of the city the same level of coverage. Small businesses deserve and need these savings opportunities.

According to the Kaiser Family Foundation, only half of small businesses in Connecticut offer coverage to their employees. The result is employees paying high costs on the individual market or relying on public assistance programs, neither of which is in the best interest of the state.

This is a win-win-win for small businesses, public employees and the state. Small business employees and public employees already enrolled take advantage of a quality health insurance plan that will stay affordable because risk is shared through the large pool. Simply reducing administrative costs will be significant for small businesses. Administrative costs for firms of 10,000 people are 800% less than the costs for firms of 2 people as a percentage of total cost.

Additionally, through pooling the state is able to ensure that its residents are healthier and create a better climate for small businesses. According to a recent study by the Economic Policy Institute, over the past decade in Connecticut, employer-sponsored insurance coverage has declined by 7.2 percent. In other words, 111,716 families that previously had insurance through their employer no longer do. This has left many uninsured and underinsured, leading to higher public assistance costs. Taking steps to reverse that trend by giving small businesses more opportunity to provide health coverage is crucial to our long-term fiscal health.

We strongly urge passage of this legislation.