Quality is Our Bottom Line

FTR

Insurance Committee Public Hearing

Tuesday, February 14, 2012

Connecticut Association of Health Plans
Testimony in Opposition to

SB 19 AAC Health Insurance Coverage for the Treatment of Head Lice

The Connecticut Association of Health Plans (CTAHP) respectfully opposes SB 19 AAC Health Insurance Coverage for the Treatment of Head Lice.

While every mandate under consideration by the legislature is laudable in its intent, each must be considered in the context of the larger debate on access and affordability of health care and ***now must also be viewed in the context of federal health care reform and the applicability of the Patient Protection and Affordable Care Act of 2010 (PPACA).***

Please consider recent testimony submitted by the Department of Insurance relative to proposed mandates under consideration last year which urges the Committee to understand the future financial obligations that new or additional health insurance mandates may place on the State of Connecticut and taxpayers stating that:

> ***In simple terms, all mandated coverage beyond the required essential benefits (as will be determined by HHS) will be at the State's expense. Those costs may not be delegated to the individual purchaser of insurance or the insurer.***

Both the General Assembly and the Administration have pledged again this year to address the needs of the approximately 400,000 Connecticut residents who lack health insurance coverage. As we all know, the reasons people go without insurance are wide and varied, but most certainly cost is a major component. In discussing these proposals, please also keep in mind that:

- Connecticut has approximately **49 mandates, which is the 5th highest** behind Maryland (58), Virginia (53), California (51) and Texas (50). The average number of mandates per state is 34. (OLR Report 2004-R-0277 based on info provided by the Blue Cross/Blue Shield Assoc.)

- For all mandates listed, the total cost impact reported reflects a range of **6.1% minimum to 46.3% maximum.** (OLR Report 2004-R-0277 based on info provided by the Dept. of Insurance)

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- State mandated benefits are not applicable to all employers. Large employers that self-insure their employee benefit plans are not subject to mandates. **Small employers bear the brunt of the costs.** (OLR Report 2004-R-0277)

- The National Center for Policy Analysis (NCPA) estimates that **25% of the uninsured are priced out of the market by state mandates.** A study commissioned by the Health Insurance Assoc. of America (HIAA) and released in January 1999, reported that "...a fifth to a quarter of the uninsured have no coverage because of state mandates, and federal mandates are likely to have larger effects. (OLR Report 2004-R-0277)

- **Mandates increased 25-fold over the period, 1970-1996, an average annual growth rate of more than 15%.** (PriceWaterhouseCoopers: The Factors Fueling rising Healthcare Costs- April 2002)

- National statistics suggest that **for every 1% increase in premiums, 300,000 people become uninsured.** (Lewin Group Letter: 1999)

- "According to a survey released in 2002 by the Kaiser Family Foundation (KFF) and Health Research and Educational Trust (HRET), employers faced an average **12.7% increase in health insurance premiums** that year. A survey conducted by Hewitt Associates shows that employers encountered **an additional 13% to 15% increase in 2003**. The outlook is for more double-digit increases. **If premiums continue to escalate at their current rate, employers will pare down the benefits offered, shift a greater share of the cost to their employees, or be forced to stop providing coverage.**" (OLR Report 2004-R-0277)

Thank you for your consideration.