

Testimony Opposing
H.B. 5485: An Act Concerning the Connecticut Health Insurance Exchange
March 15, 2012
Lauren Goodman
Insurance & Real Estate Committee

Good afternoon Senator Crisco, Representative Megna, and Members of the Committee. My name is Lauren Goodman. I am a Bethel resident and current student at the University of Connecticut School of Social Work. I am here today to present testimony in opposition to House Bill 5485, "An Act Concerning the Connecticut Health Insurance Exchange."

I strongly oppose the current design of the Connecticut Health Insurance Exchange as its goal of reducing the number of uninsured individuals cannot be achieved in such an inequitable system. I am particularly against paragraph 17 of Section 1(c) and paragraph 299 of Section 3(b) in which the text eliminates the possibility of a state basic health program.

Due to federal reform, an estimated 15-20,000 adults currently covered on HUSKY A Medicaid will lose coverage as the Medicaid income eligibility is reduced from 185% to 133% of the federal poverty level. If these adults were to enter the Connecticut Health Insurance Exchange, the plans that they purchase would cost 8-13% of their yearly income. Whereas the Exchange imposes no costs to the state, the individual members will have to cover the cost-sharing through high premiums, deductibles, and copayments. According to the Mercer study developed to evaluate the Exchange, an estimated 50% of eligible adults will not enter the Exchange and will remain uninsured. In addition, a current survey found that a mere 3% of businesses stated that they are "likely" or "very likely" to drop their existing coverage and enter the Exchange. Therefore, with such a low rate of estimated participation, it appears to be a disadvantage to the state to create such an Exchange.

In contrast to the Connecticut Health Insurance Exchange, the state basic health program will provide low out-of-pocket costs to individuals while maintaining no cost to the state. In addition to sustaining a similar form of coverage for 15-20,000 adults previously covered by Medicaid, the state basic health program will support an estimated 74,000 state residents who are uninsured and maintain an income below 200% of the federal poverty level. This number includes the vulnerable population of legal immigrants that are deemed ineligible for the Medicaid program.

The state basic health program will present little to no cost to the state as 95% of the federal monies allocated for insurance subsidies will cover the cost of the basic health program. Under the basic health program, the cost per enrollee ranges from \$3500-7400 while the revenue per enrollee ranges from \$5200-7800. Furthermore, the state will save a great deal of administrative costs because the network of providers will be similar to the previous network developed for HUSKY A Medicaid.

Therefore, the state basic health program presents a more viable alternative for the state of Connecticut. The Exchange program merely provides subsidies within an imbalanced and competitive market rather than ensuring that every individual and family receives the health care coverage that they need. Thank you for the opportunity to testify this afternoon. I am happy to answer any questions.