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Testimony on SB-596 – AN ACT CONCERNING THE DUTIES OF THE CONNECTICUT HEALTH INSURANCE EXCHANGE {Inclusive of SB-117 – Age Band Rate Increase Limits}

Honorable Elected Officials, thank you for the opportunity to address you with regards to this bill covering the changes to the Connecticut health insurance marketplace to address the many changes that health care reform is bringing to the citizens of our great State. I am an independent Health Insurance Consultant specializing in Health Care Reform and how it affects the Individual and Small Group Health Insurance marketplace. My comments today will focus on just a few items in the proposed legislation.

Many of the items included in this Legislation are a requirement under the Patient Protection and Affordable Care Act and provides the CT Health Insurance Exchange the authority it needs in order to make the required changes to comply with the law; however, there are some items that need to be reviewed before it is finalized in order to align our current laws in line with PPACA.

A couple of these items are as follow:

- 1) Current CT law allows a health insurance company to charge up-to 25% more for “administrative” charges above the base small group health plan rate. What that means is that groups of 1, like me, are regularly charged 25% more for our health insurance plan than a group of 10-50 employees is charged even though we are in the same underwriting pool. So, in my case, I pay an extra 25% or \$1,600 per year for my Employee Only plan because I am a group of one instead of a group of 10, for the luxury of being billed separately. In this electronic age, this is excessive. In 1995, it may have made sense because it only amounted to ~\$150 per year, but times have changed and this charge is really not fair to sole proprietors anymore. This allowed “administrative” charge needs to be eliminated going forward.
- 2) This bill specifically notes in Item 24 that the Exchange go out to bid for the medical and pharmacy benefits that will provided through the health insurance exchange health insurance plans. While this may not be possible in the first 2 years, it should be done for the following bid cycle. The perfect example of the possible savings that can be achieved has been proved by the State of CT the last couple of years after the State converted to a self-funded program. The State went out to bid for its health insurance benefits, and let companies bid on just the medical or just the pharmacy benefits. The result was that the State of CT saved millions of dollars on the pharmacy benefits alone! This is why it is important to bid the health insurance plans offered through the health insurance exchange.

Thank you for your time! I am more than happy to answer any questions you may have at this time.

Sincerely,

Antonio Paulo Pinto