



CITIZENS FOR ECONOMIC OPPORTUNITY
Corporate Responsibility Campaign

S.B. 596 – An Act Concerning the Duties of the Connecticut Health Insurance Exchange

My name is Karen Schuessler and I am the Director of Citizens for Economic Opportunity (CEO). CEO is a coalition of community and labor groups addressing health care reform and corporate responsibility issues.

I strongly support S.B. 596. The American Health Benefit Exchanges are crucial to national health insurance reform. They are designed to help businesses and small businesses shop for and purchase insurance and facilitate health plan competition. In order for exchanges to be successful, they must address the issue of affordability of coverage which was the purpose of the Affordable Care Act to begin with.

On November 27, 2012 I attended a Healthy Chat event in Hartford. Healthy Chat was an open forum discussion on the health insurance exchange with the CEO of the exchange and other health care reform experts. After the presentation, there was ample time for comments, questions and answers. Several attendees stood up and commented they would not be able to afford health insurance on the exchange because it would be too expensive. This is very troubling because affordability is probably the most important issue with respect to the success of the exchange and the Affordable Care Act. Since approximately one in ten Connecticut residents (250,000-300,000 people) are expected to enroll in the exchange, it defeats the purpose of the exchange if they will not be able to afford coverage.

One way to solve this problem of affordability is to allow the Connecticut Health Insurance Exchange to actively negotiate health insurance premiums with insurers for qualified health plans. According to the CT Health Policy Project, in Massachusetts, consumers saved between \$16 and \$20 million in FY 2010 because of the Massachusetts's exchange ability to negotiate premiums with insurers keeping the rate of premium increases inside of the exchange half of what it is outside. Utah's exchange does not negotiate and premiums are higher inside of the exchange than outside.

As an active purchaser an exchange could negotiate plans on prices and benefits or allow plans to bid for exchange business, and require greater standardization of product choices so enrollees can make good choices.

Unlike big businesses and states, individuals and small businesses do not generally have much power to actively negotiate with health insurers. Unfortunately, on average small businesses pay 18% more than large companies because they don't have enough power or influence to negotiate. The new health insurance exchanges offer these groups the means to actively negotiate for them. By being an active purchaser, enrollees will have stronger consumer protections, more provider networks, lower prices and the best value for their money.

Arguments against active purchasing have included that plans will not want to participate if they have to compete. California and Massachusetts have proven this argument wrong. California which is planning to negotiate has received letters from thirty plans that want to participate. Connecticut already has five large insurers who have expressed interest in participating in the exchange. Massachusetts has added a new insurer and they negotiate premiums.

It has been stated that we can implement active purchasing later but that seems like saying it is not important now and an excuse for failing to act. The future is pretty unreliable and we only need to look at Charter Oak as an example of something that never got fixed. Why not get it right the first time around?

In order to have a health care system that works for all of us, we need to pass S.B. 596 to ensure the most affordable, high quality insurance plans are offered to Connecticut residents both inside and outside of the exchange. What is the purpose of the exchange if many of Connecticut's residents still cannot afford health coverage?

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