

SB-596

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**Testimony of Access Health CT CEO Kevin Counihan
Connecticut General Assembly Insurance and Real Estate Committee
January 31, 2013**

Thank you, Senator Crisco and Representative Megna, members of the Committee.

My name is Kevin Counihan, CEO of Access Health CT, the Connecticut State Health Insurance Exchange.

Thank you for the opportunity to give testimony before your committee.

As you know, the Affordable Care Act (or ACA) was created to provide more transparency, more health plan choice, and more affordable coverage options for state residents and small businesses.

The issue of health insurance affordability is of primary importance to us at Access Health CT, and our Board of Directors and the Access Health CT staff have worked to both promote affordability and to conform to the complex requirements of the ACA.

I have worked in health insurance exchanges for the past seven years, both as a charter member of the senior management team of the Massachusetts Health Insurance Connector (from which the ACA was created) and as President of a private health insurance exchange in California.

My experience in both firms has demonstrated that successful insurance exchanges, whether public or private, are free market, pro-competition means to offer more choice and value in health insurance to consumers and small businesses. Even large firms such as Sears are introducing insurance exchanges to provide more tailored health insurance options for their employees, and we will see an increasing number of large firms offering exchanges to their employees.

The prospect of Access Health CT negotiating rates with participating health plans is seemingly logical. Who wouldn't want to negotiate price for any product or consumer good if it might result in a better price or better value?

The challenge is that price negotiation in the start-up period of the ACA is impractical and risks diluting a key competitive advantage of the Exchange. We do not know the number of enrollees in the Exchange, what products they will buy, their health status and utilization level, their geographic or demographic mix, the stability of the enrollee population, or other details required to have a substantive negotiation with an insurance company.

In other words, such negotiation is analogous to negotiating the purchase of a car without knowing the desired year, make, model, accessories, or condition.

Further, the idea of prospective rate negotiations without facts or data will likely result in fewer carriers participating on the Exchange, both limiting consumer choice and reducing marketplace competition which is both a core concept of Exchanges and which will likely result in higher prices. As the Exchange enrolls members, it will begin to collect the needed data to support an evidence based approach to any potential negotiation.

The term "active purchasing" is often used misleadingly as a proxy for "rate negotiation." While rate negotiation in our initial launch phase may not be in the best interest of consumers or small business, we support continuing to be an active advocate for consumer-focused market reforms. These include such changes as the elimination of medical underwriting, the elimination of exclusions for pre-existing conditions, the removal of price differentiation based on gender, benefit plan standardization based on metal tier, and providing consumers with health plan quality ratings.

Finally, I returned yesterday from a meeting with the CEOs of 17 other states implementing state-based insurance exchanges. I polled each of the 17 states to determine which states were prospectively negotiating rates with carriers, including Massachusetts and California. The result was not one of the 17 states were negotiating rates for the reasons I outlined.

I appreciate the spirit of this provision of SB 596. As stated, providing more affordable coverage and promoting choice and competition is a core concept of the ACA, and one for which the Exchange Board and staff is committed to.

I respectfully suggest you consider adding the word "may" to section (24) of the bill so that it reads "...and *may* negotiate premiums with health carriers offering or seeking to offer qualified health plans through the Exchange."

In this way, the bill provides the Exchange with the flexibility for rate negotiation as needed or as appropriate.

Thank you for your consideration.

A handwritten signature in black ink, appearing to read "Kevin Counihan". The signature is fluid and cursive, with a long horizontal stroke at the end.

Kevin Counihan
Chief Executive Officer
Access Health CT