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Council 4 AFSCME
Testimony before the Insurance and Real Estate Committee of the
Connecticut General Assembly
January 31, 2013

Chairman Crisco, Chairman Megna and members of the Insurance and Real Estate Committee. My name is Matthew Brokman, and I am representative of Council 4 AFSCME. Council 4 represents 34,000 Connecticut public and private employee members.

We are here in support of **SB-596, AN ACT CONCERNING THE DUTIES OF THE CONNECTICUT HEALTH INSURANCE EXCHANGE**. This is important legislation, and without hyperbole, its fate can determine the success of the exchange in expanding access to health care and bending the cost curve.

One of the challenges that this committee has attempted to address in undertaking health insurance reform is the profound lack of bargaining power small employers have when attempting to provide health insurance for their workers. In fact, on average, small businesses pay 18% more than large companies. Large portions of these costs usually are passed on to workers through a combination of higher co-pays, lower wages, and lower quality insurance.

According to its website, the mission of the Connecticut Health Insurance Exchange is "To increase the number of insured residents in our state, promote health, lower costs and eliminate health disparities." If the Exchange is the vehicle for small employers and individuals – those who have the least ability to find and negotiate decent health insurance – shouldn't we make sure we have done our best to make sure it is decent and affordable?

We know the power that negotiation over health insurance premiums can bring to ensure affordability and save consumers money, without sacrificing quality. Massachusetts's health exchange actively negotiates premium increases on plans offered on their exchange resulting in rates that are half the rate of increase on plans offered outside the exchange.

As representatives of state employees, we can attest to the importance of actively managing health care plans. The State Employee Health Care plan, with its emphasis on prevention and strong and strong labor-management oversight of insurers, has done considerably better at keeping costs down than the rest of the market. Over the last five years, per-enrollee rate increases averaged less than 4.5%, and we saw no increase in 2012. Imagine how it would impact the quality of care if the Health Exchange Board were able to actively manage the plans offered on the Exchange in this way.

This legislation is at the very heart of why Connecticut undertook health insurance reform and why the health exchange concept can be so monumental in transforming the way Connecticut residents interact with the health care system.