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TESTIMONY
BEFORE THE
INSURANCE AND REAL ESTATE COMMITTEE
LEGISLATIVE OFFICE BUILDING
FEBRUARY 26, 2013

My name is Jennifer Herz and I am Assistant Counsel for the Connecticut Business & Industry Association (CBIA). CBIA represents approximately 10,000 businesses throughout Connecticut and the vast majority of these are small companies employing less than 50 people.

CBIA urges you to **reject** new benefit mandates **including SB 956**.

As CBIA has consistently emphasized mandated health benefits restrict choice and increase price. We must work together to ensure health insurance is affordable for all of Connecticut's residents and CBIA is especially concerned about Connecticut's small businesses.

In addition, this year, the state must consider the cost impact on its bottom line in light of the Affordable Care Act and the state exchange's existing Essential Health Benefit (EHB) package.

The state exchange adopted its EHB package, which includes all of the state's existing health benefit mandates. However, new mandates, such as SB 956, will not be included in the existing EHB package and will be a direct cost to the state. Here are two important points to consider:

(i) Essential Health Benefit package Already Adopted: New benefit mandates will not be included in the existing EHB package since it has already been voted on and adopted by the state exchange board of directors and cannot be modified until 2016, at the earliest; and

(ii) New Mandates Are A Direct Cost to Connecticut: Federal dollars will be utilized to cover the existing EHB package for the subsidized population receiving coverage through the state exchange. However, Connecticut will be required to subsidize any new benefit mandates, such as these, that are not included in the existing EHB package.

The impact of new benefit mandates faced by the state is similar to that of a small business in Connecticut – they are simply unaffordable. Connecticut small businesses continue to struggle with the rising cost of health insurance and further mandates will exacerbate the existing problem.

A University of Connecticut, Center for Public Health and Health Policy report titled: Connecticut Mandated Health Insurance Benefit Review, dated January

2011, available at:

[http://www.ct.gov/cid/lib/cid/2010 CT Mandated Health Insurance Benefits Reviews - General Overview.pdf](http://www.ct.gov/cid/lib/cid/2010_CT_Mandated_Health_Insurance_Benefits_Reviews_-_General_Overview.pdf) (UConn Study), provides some figures on the impact of benefit mandates. The study reports that state benefit mandates comprised "roughly 22% of the 2010 medical cost of health insurance in CT for the average person covered by a group plan" (See page 11 and 28). And, while the UConn Study also points out the percentage is likely an overstated figure it nevertheless keenly demonstrates the costly impact of mandated benefits.

Although mandates provide a benefit to a defined group the consequence of restricting choice to the greater public is significant. Choice is essential in the marketplace. Allowing employers and employees to choose insurance plans they can afford is paramount to expanding mandated benefits.

It is also important to remember these mandates only apply to state regulated health insurance plans and do not affect the large companies that have the ability to self insure – again, this is affecting the small business person.

In closing, I want to emphasize (i) affordability is central to expanding access and (ii) new health benefit mandates will not only be a direct cost to Connecticut's general fund but also to our small businesses.

CBIA urges you to **reject SB 956**.

Thank you for the opportunity to offer CBIA's comments.