

TESTIMONY
BEFORE THE
INSURANCE AND REAL ESTATE COMMITTEE
LEGISLATIVE OFFICE BUILDING
MARCH 7, 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 encourages you to closely review **HB 1029** An Act Concerning Health Insurance Coverage for Autism Spectrum Disorders.

Seek Guidance from HHS

As you know, new mandates will directly impact both the state budget as well as the budgets of small businesses. It is unclear whether the modification contained in this bill will be considered a new mandate under the Affordable Care Act (ACA).

This is an extremely important distinction since new mandates will affect the state budget because of the ACA and the state exchange's Essential Health Benefit (EHB) package. And, as explained below, new mandates also add to the already high cost of insurance for small businesses.

Therefore, it is imperative that the Committee receive guidance from the Department of Health and Human Services as to the status of this modification pursuant to the ACA prior to adoption.

New Mandates Require State Dollars

New mandates will be a direct cost to the state, as explained below:

The state exchange adopted its EHB package, which includes all of the state's existing health benefit mandates. However, new mandates, which may include HB 1029, 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.

Mandates Are Costly for Small Business

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.

Each new mandate adds to the cost of insurance coverage and therefore drives up premiums. And, especially when considered in the aggregate, mandates add significant cost to healthcare in Connecticut.

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 (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 effect the large companies that have the ability to self insure – this is effecting the small business person.

In closing, I want to emphasize (i) affordability is central to expanding access and (ii) new health benefit mandates will be a direct cost to Connecticut’s general fund. Further, it is not clear whether HB 1029 will be considered a new mandate under the ACA and federal guidance is needed before proceeding with this bill.

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