

TESTIMONY
BEFORE THE
INSURANCE AND REAL ESTATE COMMITTEE
LEGISLATIVE OFFICE BUILDING
FEBRUARY 19, 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 supports Proposed SB 446 An Act Concerning Health Insurance Coverage and Tort Reform.

CBIA supports reducing the number of existing health benefit mandates and reforming medical malpractice.

Reducing health benefit mandates will reduce the cost of health insurance as explained below:

1. Mandates Drive Up the Cost of Health Insurance: 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 compromised “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. Further, since premiums will continue to increase in 2014 it is imperative that we control health care costs wherever possible – such as mandated benefits.
2. Mandates Directly Affect Connecticut’s Small Businesses: Health Benefit Mandates only apply to state regulated health insurance plans and do not affect the large companies that have the ability to self insure. Since small businesses typically do not have the ability to self insurance they must offer state regulated health insurance plans to their employees and are therefore directly feel the consequences of costly state mandates.
3. Choice and Access is Essential: Although health benefit 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. If employers are unable to offer coverage or employees are unable to purchase coverage due to high cost, the type of benefits a plan covers is irrelevant. It is essential that health insurance is accessible to our small employers.

4. Analysis Should be Completed Prior to Adoption: CBIA also supports a comprehensive analysis of health benefit mandates prior to adoption. A detailed analysis of each health benefit mandate prior to adoption will support a thorough and thoughtful discussion so actual effect of each mandate is determined.

CBIA also supports reforming medical malpractice liability in order to eliminate unnecessary cost drivers in the system, which are ultimately passed on to the consumer. CBIA looks forward to working with you to develop common sense changes.

Again, I want to emphasize reducing existing health benefit mandates will reduce the high health care costs that especially affect Connecticut's small businesses. Further, CBIA strongly believes that affordability increases access and choice in our health care system.

CBIA urges your **support of Proposed SB 446**.

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