



Access Health CT Testimony in Opposition to Raised Bill SB 439: AN ACT CONCERNING THE
STATE CONTRACTING STANDARDS BOARD
AND REQUIREMENTS FOR PRIVATIZATION CONTRACTS

Joint Committee on Government Administration and Elections

March 18, 2016

Senator Cassano, Representative Jutila, Senator McLachlan, Representative Smith, and distinguished members of the Government Administration and Elections Committee, thank you for the opportunity to provide testimony regarding **Raised Bill 439: An Act Concerning The State Contracting Standards Board And Requirements For Privatization Contracts**. The Connecticut Health Insurance Exchange dba Access Health CT (AHCT) **strongly opposes** this bill.

Access Health CT was created by the Legislature for the purpose of implementing the Affordable Care Act (ACA) in the State of Connecticut. Its mission is “to increase the number of insured residents, improve health care quality, lower costs and reduce health disparities through an innovative, competitive marketplace that empowers consumers to choose the health plan and provider that give them the best value.”

The ACA provided states creating their own state-based marketplaces with several alternatives for the form of governmental entity in order to allow for flexibility and for the more business-like function of the marketplace. The State of Connecticut very intentionally chose to make AHCT a quasi-public agency in order to provide greater flexibility in the agency’s ability to contract with the numerous vendors required to create AHCT, its Integrated Eligibility System and to perform the various functions necessary to operate a state-based marketplace. Pursuant to the ACA and AHCT’s enabling legislation, **AHCT does not receive any funding from the state budget**, and is funded entirely through a market assessment. Both statutes allow AHCT to fund its operations by charging market assessments or user fees to carriers offering products through AHCT or to otherwise generate funding for its operations. Also, **AHCT employees are not state employees** but are subject to state employee ethics provisions.

While one of the stated goals of SB 439 is a cost-savings initiative, in actuality imposing these new onerous requirements on AHCT and the state’s other quasi-public agencies will result in increased costs to the detriment of the Connecticut residents. The state created AHCT and the other quasi-public agencies as quasi-public agencies because of the nature of their operations--agencies that further public purposes but operate largely as businesses. This bill would

Page Two

dramatically limit AHCT's ability to provide the numerous services required for its operations, and also efforts to develop other potential funding streams which would lower its market assessment rate. AHCT strives to keep its operating costs as low as possible while still providing the Connecticut residents with options to purchase quality, affordable health insurance coverage. AHCT's market assessment, (charged to all carriers licensed to sell the products offered through AHCT), has a direct impact on individual and small group health insurance premiums for plans offered in the state as the carrier include it as a cost of doing business in the state, and new requirements to change the way AHCT operates, such as SB 439, would increasing costs in AHCT's operating budget and making health insurance premiums less affordable for Connecticut residents.

AHCT's enabling legislation, specifically CGS §38a-1081, explicitly authorizes the agency to enter into its own contracts and make its own purchasing decisions. AHCT's Board of Directors also approves the agency's purchasing policy. Its contracts and purchases reflect complex business demands, market conditions and needs unique to operating a state health insurance marketplace. Curtailing and delaying our purchasing and contracting latitude – essential to our effectiveness as an entrepreneurial organization – will negatively impact AHCT's ability to serve its mission of increasing the number of insured residents, lowering costs and increasing quality for health care for Connecticut.

AHCT's status as a quasi-public agency allows it to be quick and nimble and operate more like a business than a traditional state agency. Further, AHCT is not represented by the Attorney General, and by statute, its contracts are not be subject to the approval of any state department, office or agency. However, numerous state and federal agencies maintain oversight of AHCT's operations and its budget. Annual reporting requirements and audits ensure transparency in spending and operations, and are designed to protect against waste, fraud and abuse while maximizing efficiency and effectiveness.

AHCT and the other state quasi-public agencies are already subject to numerous state contracting standards for vendors; including affirmative action and non-discrimination requirements, ethics reporting of campaign contributions, disclosure of consulting relationships and certain executive orders. Adding these additional onerous requirements regarding privatization contracts would greatly increase operating costs for AHCT, which would ultimately increase premiums for health insurance for the individual and small group markets through AHCT's market assessment.

Access Health CT respectfully requests that the members of the Joint Government Administration and Elections **oppose** Raised Bill SB 439. Thank you.

James R. Wadleigh
Chief Executive Officer
Access Health CT