TESTIMONY BEFORE THE
INSURANCE AND REAL ESTATE COMMITTEE
LEGISLATIVE OFFICE BUILDING
MARCH 3, 2016

My name is Jennifer Herz and I am Assistant Counsel for the Connecticut Business & Industry Association (CBIA). CBIA has been representing Connecticut's employers for 200 years and today is proud to say the vast majority of our members are small companies employing less than 50 people. Connecticut's employers are very concerned with the cost and quality of healthcare. In a 2015 survey, CBIA's members, once again, listed healthcare costs in their top 3 greatest concerns.[1] Connecticut's employers contribute to their employees' premiums and rising premiums make it more and more difficult for employers to help pay for their employees healthcare. Equally important, employers' value the bottom line contribution of healthy employees because that means a productive, innovative workforce.

While CBIA is concerned about the cost of new mandates, we also appreciate the potential long term benefits of certain services/procedures. However, without the specific data it is not possible to analyze the cost/benefit impact of any given mandate.

For these reasons CBIA is very concerned with a number of bills on today's agenda including: SB 281, SB 282, SB 158 and HB 5233.

Connecticut employers are concerned with Connecticut's high number of existing health benefit mandates because in the aggregate they restrict choice and increase price. And, without data to show the long term cost/benefit of a particular service/procedure it is not possible to determine if the benefit will outweigh the increased cost. While the substance of these bills certainly have merit the problem is that they are being added to a system that is already incredibly costly. It is nearly universal, among smaller employers and individuals alike, that health insurance is too expensive. These bills add to that existing problem. *The impact on smaller employers and individuals who are paying for health insurance must be emphasized.*

Cost to the State

The Essential Health Benefit (EHB) package – the set of procedures and services required under the Affordable Care Act – has already been set by Connecticut. If the state adds new mandates, not included in the EHB, the state must pick up the bill for certain individuals who utilize those new mandates. This additional cost to the state is especially concerning considering the fiscal realities of

[1] See 2015 Survey of Connecticut Businesses: http://www.cbia.com/resources/economy/reports-surveys/2015-survey-of-connecticut-businesses/

this year. In addition, even if a mandate is not considered a "new mandate" for purposes of the Affordable Care Act, it is still a new requirement that must be added to smaller employer and individual health plans. Traditionally the state employee health plan has adopted all of the plan requirements passed by the legislature, even though the state is self-insured and not legally bound. Meaning, the state health plan will have to pay for more services/procedures. Therefore, all of the new mandates, regardless of their status under the ACA, will result in a cost to the state.

New Mandates = Higher Cost for Small Employers

New health benefit mandates directly impact small employers because these mandates only apply to companies that fully insure. Typically smaller employers fully insure because they cannot afford to self-insure. Larger companies that are able to self-insure are exempt from state requirements and instead subject to federal rules. 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 employers.

State Regulatory Policy Working to Address Cost & Quality

There are number of regulatory initiatives that are currently moving forward with the intent of addressing the high cost of healthcare in Connecticut. One of these initiatives was passed by the legislature last year and charged the Lt. Governor's Healthcare Cabinet with looking at cost containment strategies and best practice in other states. Additionally, the State Innovation Model (SIM) is moving forward with its work to address quality and cost of healthcare in the state. Instead of looking at more mandates, these initiatives should be allowed to complete their work and gain a better understanding of how to address quality and cost issues in our state.

While we certainly agree not all new mandates are cost prohibitive we must also be prudent in adopting new measures and be sure we have all the data to substantively analyze new measures. Considering the (i) ongoing regulatory initiatives to address quality and cost (ii) the cost to the state budget and (iii) the cost to our smaller employers CBIA urges the Committee **to reject SB 281, SB 282, SB 158 and HB 5233** at this time.

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