TESTIMONY BEFORE THE
INSURANCE AND REAL ESTATE COMMITTEE
LEGISLATIVE OFFICE BUILDING
MARCH 15, 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.

CBIA has concerns with SB 435 An Act Concerning Health Carriers' Use of Clinical Pathways and Health Insurance Coverage for Services Rendered by a Chiropractor.

CBIA is concerned with the cost implications of Section 1 that sets new requirements for the use of clinical pathways by insurance carriers. New requirements often result in less flexibility for insurance carriers and therefore negative cost implications for premiums. While not all new requirements result in cost without a cost/benefit analysis it is difficult to determine the long term cost/benefit of these new requirements. CBIA looks forward to the opportunity to work with the committee to determine the cost and quality implications from this section.

CBIA opposes Sections 2 and 3 of SB 435 that requires chiropractor services to be covered on the same basis as a physician. Similar to other new health benefit mandates CBIA is very concerned about the cost implication of this new requirement. Again, without the long term cost/benefit data it is difficult to analyze the impact of this proposal.

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.

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

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

mandates. This additional cost to the state is especially concerning considering the fiscal realities of this year.

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.

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.

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. I would respectfully suggest that it would be beneficial to allow these initiatives come to their conclusion before passing new initiatives that change the system.

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.

For these reasons CBIA urges your opposition to Sections 2 and 3 of SB 435. Additionally, CBIA has concerns with Section 1 of SB 435 and looks forward to the opportunity further discussions on this section with the committee.

Finally, CBIA appreciates the effort and purpose behind **SB 433 An Act Concerning Standards and Requirements for Health Carriers' Provider Networks and Contracts Between Health Carriers and Participating Providers.** CBIA's interest in network policy is to allow health insurance carriers the flexibility to offer larger and smaller networks to allow for choice among health insurance plan designs. For example, a plan design with a narrow network may allow for less expensive premium payments. CBIA looks forward to continuing to work with the Department of Insurance on this topic.

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