



TESTIMONY BEFORE THE
INSURANCE AND REAL ESTATE COMMITTEE
LEGISLATIVE OFFICE BUILDING
MARCH 10, 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 opposes HB 5517 An Act Concerning Cost-Sharing for Prescription Drugs and we have concerns with SB 373 An Act Limiting Changes to Health Insurance Formularies and SB 374 An Act Prohibiting Health Insurers From Restricting or Reducing Covered Benefits for Insureds Diagnosed with a Terminal Condition.

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.

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



In particular, HB 5517 will cause a significant cost shift. If payments for prescriptions drugs under insurance is capped that just means it will be shift elsewhere and it will likely mean higher insurance premiums. A good analogy is a tube of toothpaste – if you squeeze the cost out of one side it will just transfer to the other. Instead of focusing on these cost shifting proposals it is vital that we work with the existing regulatory initiatives (discussed above) to work to address the cost issues in our healthcare system. Simply capping the cost in one specific area does not address the problem.

New Mandates = Higher Cost for Small Employers

New health insurance requirements passed by the state 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.

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