



**TESTIMONY BEFORE THE
INSURANCE AND REAL ESTATE COMMITTEE
LEGISLATIVE OFFICE BUILDING
February 7, 2017**

My name is Jennifer Herz and I am Counsel for the Connecticut Business & Industry Association (CBIA). CBIA represents thousands of large and small companies throughout Connecticut. We have been representing Connecticut's employers for more than 200 years and we are 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 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 and therefore **CBIA urges you to reject new health benefit mandates.**

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 or procedure it is not possible to determine if the benefit will outweigh the increased cost. To be clear, CBIA certainly agrees that some mandates make sense to adopt if the cost/quality analysis produces those results but without that information such a decision is based on speculation.

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. 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.

Cost to the State

While the future of the ACA is unclear we still must be cognizant of its current implications. 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.

Focus on Cost and Quality

Each time a new health benefit is mandated by the state it means employers have to pay a higher cost to buy a plan with richer coverage. If the state requires that insurance companies only sell very benefit rich plans then that means that employers and their employees are left with only expensive plans to choose from. The same challenge applies to mandates that require cost shifting of certain benefits. If the cost of a specific benefit is capped then that means the expense of the benefit is simply shifted elsewhere. For example, if the co-pay is capped at a certain amount that means a premium will be raised – it's like a toothpaste bottle. If you squeeze toothpaste out of one end of the bottle it doesn't go away it just moves to another area. We must identify solutions to our health care challenges that will impact the whole picture.

In consideration of the additional cost to smaller employers and the state to pay for new mandates CBIA urges the Committee to **reject new health benefit mandates** until you have a full report with the data on the impact. **CBIA believes the following bills fall into this category at this time:**

- Proposed S.B. No. 21 AN ACT CONCERNING HEALTH INSURANCE COVERAGE OF ORALLY AND INTRAVENOUSLY ADMINISTERED MEDICATIONS.
- Proposed S.B. No. 22 AN ACT CONCERNING COST-SHARING FOR PRESCRIPTION DRUGS.
- Proposed S.B. No. 229 AN ACT EXPANDING HEALTH INSURANCE COVERAGE FOR HEARING AIDS. Hearing aid coverage was specifically addressed in a Bulletin Issued by the Connecticut Department of Insurance in June 2015 – HC 102 – and that Bulletin removes the age limits as of January 1, 2016. Therefore, this bill is unnecessary.
- Proposed S.B. No. 543 AN ACT CONCERNING INSURANCE COVERAGE FOR INPATIENT SUBSTANCE ABUSE TREATMENT PROGRAMS.
- Proposed H.B. No. 5441 AN ACT REQUIRING HEALTH INSURANCE COVERAGE FOR LONG-TERM ADDICTION TREATMENT.
- Proposed H.B. No. 5968 AN ACT REQUIRING HEALTH INSURANCE COVERAGE FOR FERTILITY PRESERVATION FOR INSURED DIAGNOSED WITH CANCER.
- Proposed H.B. No. 6435 AN ACT PROHIBITING HEALTH INSURERS AND OTHER ENTITIES FROM CHARGING DISABLED VETERANS FOR CERTAIN OUT-OF-POCKET EXPENSES

CBIA looks forward to working with the Committee to address both cost and quality in our healthcare system. Thank you for the opportunity to offer CBIA's comments.