



**TESTIMONY BEFORE THE  
INSURANCE AND REAL ESTATE COMMITTEE  
LEGISLATIVE OFFICE BUILDING  
February 23, 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.

CBIA submits this testimony in support of:

- S.B. No. 544 AN ACT REQUIRING PRIOR LEGISLATIVE APPROVAL OF INCREASES IN ASSESSMENTS AND USER FEES CHARGED BY THE CONNECTICUT HEALTH INSURANCE EXCHANGE
- H.B. No. 7042 AN ACT CONTROLLING CONSUMER HEALTH CARE COSTS
- H.B. No. 7023 AN ACT AUTHORIZING SHORT-TERM CARE GROUP INSURANCE POLICIES, PERMITTING HEALTH CARE CENTERS TO CHARGE COINSURANCE, AMENDING THE INSURERS REHABILITATION AND LIQUIDATION ACT AND REQUIRING THAT INSURERS ISSUE NOTICES TO INSURED REGARDS PERSONAL AND COMMERCIAL RISK POLICIES.

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.<sup>1</sup> 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 supports SB 544 and HB 7042 because both bills are a step in the right direction for the state to do what it can control health care cost for small employers while continuing to focus on quality.

**S.B. No. 544 (COMM) AN ACT REQUIRING PRIOR LEGISLATIVE APPROVAL OF INCREASES IN ASSESSMENTS AND USER FEES CHARGED BY THE CONNECTICUT HEALTH INSURANCE EXCHANGE**

SB 544 establishes a new procedure for any increased assessment charged by Access Health, the state's health insurance exchange. Currently, Access Health charges health insurance companies an assessment based on their business in the fully insured and dental market. The reason CBIA is concerned about the assessment is that it is then passed along to our members and their employees in the form of higher premiums.

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



The Access Health Board of directors has the power to set this assessment by a majority vote of its board of directors. This is key because the Access Health Board of Directors is lead by Lt. Gov. Wyman but is comprised of private citizens, including state agency officials, not elected individuals.

With federal funding for the Affordable Care Act (ACA) almost gone and not a lot of hope for new money from the feds to support the ACA, or specifically the state based exchanges, the assessment is the current means for Access Health to remain operational. While CBIA certainly appreciates the need for Access Health to be self-sustaining, with all of the uncertainty about the future of health care policy we also want to ensure there are checks and balances in the approach.

To be clear, this bill is not intended to address Access Health's power to assess but instead to ensure an elected body has reviewed any increase to the assessment so the public has someone to hold accountable should they not agree with the final assessment decision.

For example, it's my understanding that unlike some other quasi-public agencies that assess the industries that utilize their services the Access Health assessment is based on all business in the fully insured market – not just those that use Access Health. That means that employers and individuals who do not use the services of the exchange are still paying for its operations.

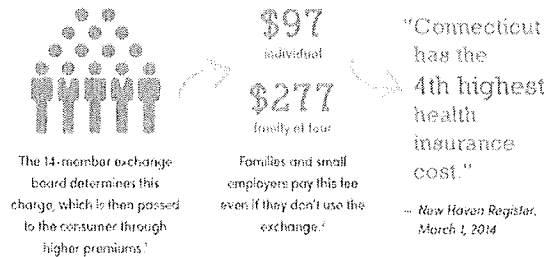
The Access Health fee is currently set at 1.65% of premium. This represents a 22% increase from where the initial assessment was set.

The assessment represents about \$97 per year for an individual and about \$277 per year for a family of four. While these amounts won't tip premiums into affordability they also are not insignificant and

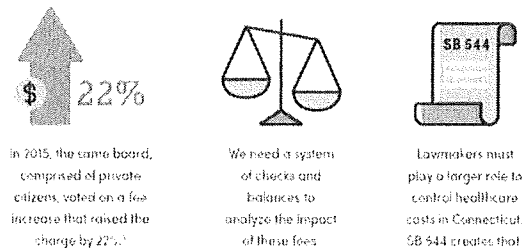
**ACT NOW TO HELP SMALL BUSINESSES CONTROL INSURANCE COSTS**

**DID YOU KNOW?**

(The state's healthcare exchange pays for its operations through a charge that ends up in insurance premiums.)



**DID YOU ALSO KNOW?**



**WHAT CAN WE DO?**

**SB 544** Support SB 544 and act to look after small employers and rising healthcare costs.

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Source: <sup>1</sup> State of Conn. GS 28a-404(d). <sup>2</sup> Estimated values. <sup>3</sup> May 28, 2015 Connecticut Health Insurance Exchange Board of Directors Meeting (Board of Rates: <http://healthpolicyexchange.com/onlineupdates/2015-05-28/>; May 28, 2015: [www.cbia.com](http://www.cbia.com))



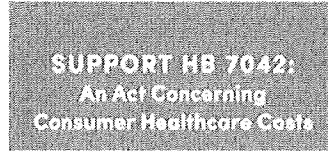
certainly add to the list of taxes and fees that impact the cost of health care. Adopting a new procedure to require checks and balances on any future increases is a step the state can take to be sure lawmakers are doing what they can to control health care costs.

**H.B. No. 7042 AN ACT CONTROLLING CONSUMER HEALTH CARE COSTS**

HB 7042 puts in place a new procedure that provides lawmakers with a full report on new health benefit mandates before they are asked to vote on such bills. Currently, lawmakers are forced to vote on new health benefit mandates without the benefit of a complete analysis that examines the potential costs and benefits of the new mandate.

Often times benefit mandates sound like good ideas with no downside. Lawmakers hear from individuals who are faced with challenging health circumstances and their stories certainly pull at everyone’s heart strings. However, a lot of data is left out of the conversation- for example: does the individual have a fully or self insured plan, the specific reason for the cost of the service/procedure, how much would it cost for all plans to cover the service/procedure, what would the long term benefit be for covering the service/procedure and so much more.

Healthcare is a very complicated landscape and covering more services/procedures means higher premiums for everyone. In some cases that may make sense in the long term but in other cases it may not. A procedure that provides lawmakers with the specific data to help make that determination before a vote is a step in the right direction to get a handle on health care costs.



- ▶ Send a message to small employers you have their back on health insurance costs
- ▶ New health benefit mandates are procedures/ services that lawmakers require smaller employers to include in their health insurance plans
- ▶ Connecticut ranks in the top states nationally with the most benefit mandates which means higher health insurance premiums
- ▶ Lawmakers often are forced to vote on these bills without a full analysis
- ▶ This bill sets a new procedure so lawmakers have a full cost/benefit report before voting on a bill

“Send a message to small businesses that lawmakers are listening to them.”

– Connecticut Mirror, February 20, 2017

Want to know more?  
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As we all know federal policy currently controls many of the cost levers but these two bills represent good examples of what the state can do control costs and send small employers the message that their concerns about escalating premiums are heard and action is being taken.

H.B. No. 7023 (RAISED) AN ACT AUTHORIZING SHORT-TERM CARE GROUP INSURANCE POLICIES, PERMITTING HEALTH CARE CENTERS TO CHARGE COINSURANCE, AMENDING THE INSURERS REHABILITATION AND LIQUIDATION ACT AND REQUIRING THAT INSURERS ISSUE NOTICES TO INSURED'S REGARDING PERSONAL AND COMMERCIAL RISK POLICIES.

CBIA supports section 2 of this bill that allows health care centers to utilize coinsurance in their plan designs. Innovative plan designs are an important component to having the flexibility to address cost and quality concerns in health care.

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.