

# The Connecticut Coalition of Taft-Hartley Health Funds, Inc.

Making Quality Health Care Affordable

## Written Testimony of

Robert Tessier, Executive Director  
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The Connecticut Coalition of Taft-Hartley Health Funds

## Member Health Funds

Bricklayers Local 1 CT

Connecticut Carpenters

Connecticut Pipe Trades

Electrical Workers Local 90

Heat & Frost Insulators &  
Allied Workers Local 33 CT

Ironworkers' Local 15 & 424

NE Health Care Employees  
District 1199, SEIU

Operating Engineers  
Local 478

Painters & Allied Trades  
District Council 11

Plumbers & Steamfitters  
Local 131

Roofers Local 9

Roofers Local 12

Sheet Metal Workers  
Local 40

UFCW Local 919

## To the Insurance and Real Estate Committee – Public Hearing November 28, 2017

### Concerning

### PATIENT DISRUPTION DURING HOSPITAL/INSURER CONTRACT DISPUTES

Senators Larson and Kelly, Representative Scanlon, and members of the Insurance and Real Estate Committee, thank you conducting this hearing today and for allowing us to submit testimony regarding the recently concluded contract dispute between Hartford Health care and Anthem BlueCross BlueShield and the resulting disruption to thousands of Connecticut citizens.

We are the outgoing and incoming Executive Directors of the Connecticut Coalition of Taft-Hartley Health Funds ("Coalition"). The Coalition is a non-stock membership corporation under Connecticut law, operating on a "not-for-profit" basis. The Coalition was incorporated in June of 1992, and the Internal Revenue Service has confirmed that the Coalition is a tax-exempt organization under Section 501(c)(6) (business league) of the Internal Revenue Code ("Code"). In general, the Coalition's 14 member funds, representing approximately 60,000 covered lives in Connecticut, are tax-exempt, multiemployer health and welfare funds which are governed by various federal laws, including ERISA and the Taft-Hartley Act of 1947. Each of these fourteen member funds has an affiliation with a specific labor union, and each is normally tax-exempt under code §501(c)(9) as a "voluntary employees' beneficiary association" or VEBA.

The recent network contract dispute that brings us all here today should once and for all settle the question of whether private parties in conflict can be relied on to protect patients' interests. It is clear from this experience that Connecticut state government needs to take strong steps to ensure that disruption of patients' lives never happens again in our state.

We support Senator Looney's proposal for binding arbitration as an effective step to prevent this from reoccurring. If such legislation is considered, it is essential that patients at risk be held harmless by continuing to have in-network access to their providers during the process of negotiation and/or binding arbitration.

Finally, it is worth noting that our members are both health care payers and consumers. The central issue in this recent contract dispute, that caused so much disruption, was the future cost increases of health care throughout much of Connecticut. This is a watershed event and moment in Connecticut. We need to recognize that employers and workers, consumers all, cannot continue to bear the burden of increasing health care costs. This is particularly so when those cost increases are not tied to measurable quality of care outcomes. Our health care system must change and it must change toward value-based health care and value-based contracting.

Thank you again for taking the time to hear our testimony regarding hospital and insurer contract disputes and the effects they have on our members.

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