



Testimony Regarding H.B. 5039: An Act Protecting Health Care Fairness And Affordability

Testimony Regarding H.B. 5379: An Act Establishing A State Individual Health Care Responsibility Fee And The Connecticut Health Care Savings Program

Testimony Regarding H.B. 5385: An Act Establishing A Working Group To Study Health Insurance Premium Rate Increases And Develop Recommendations To Mitigate Such Increases

Testimony Opposing S.B. 373: An Act Concerning The Connecticut Health Insurance Exchange, Low Option Benefit Design And Short-term Care Policies

Karen Siegel, MPH
Health Policy Fellow, Connecticut Voices for Children
Insurance and Real Estate Committee
March 8, 2018

Senator Larson, Senator Kelly, Representative Scanlon, Representative Sampson, and esteemed members of the Insurance and Real Estate Committee,

My name is Karen Siegel, and I am submitting testimony today on behalf of Connecticut Voices for Children, a research-based child advocacy organization working to ensure that all Connecticut children have an equitable opportunity to achieve their full potential.

Connecticut Voices for Children is interested in these bills, in part, because we coordinate the Covering Connecticut's Kids & Families (CCKF) project. For well over a decade CCKF has brought together representatives of state health insurance programs like HUSKY and the Access Health CT insurance exchange with health and social services community partners to share information to improve health coverage and access to care.

H.B. 5039: An Act Protecting Health Care Fairness And Affordability.

We appreciate the aim of this legislation to continue the positive impact of the recently repealed individual mandate provision of the Affordable Care Act (ACA) on health insurance rates in Connecticut. Just six percent¹ of Connecticut's residents and three percent² of our children are uninsured; these are among the lowest rates of uninsurance in the country. Yet, these gains are at risk due to recent reductions in Medicaid eligibility limits and both recent and proposed changes to health insurance reform at the federal level.

The Congressional Budget Office estimated that repealing the federal individual health insurance mandate would result in fewer insured people and higher premiums for people utilizing the individual health insurance exchanges.³ Connecticut's open enrollment period for 2017 was

successful and reached a large number of young adults, who represented 24 percent of enrollment.⁴ However, it is possible that such success will decrease in future years, once awareness grows about the federal repeal of the tax penalty for people lacking insurance. **A state-level penalty for failing to enroll in health insurance has the potential to encourage healthy adults to remain covered or newly enroll in health coverage. This, in turn, may help to prevent premium increases that would likely result if fewer healthy individuals were covered.**⁵ Estimates suggest that the rates of uninsured state residents would increase without a penalty.⁶

Any state effort to replicate the Affordable Care Act's individual mandate should be fair, equitable, and safeguard against a situation in which a family must choose between unaffordable premiums and a penalty. We conditionally support this effort to stabilize the state's individual health insurance marketplace through a state-level penalty for failing to obtain insurance. However, this bill adds that individuals subject to the penalty may not claim the state Earned Income Tax Credit (EITC). This tax credit benefits the low- and middle-income families most likely to struggle to pay premiums and out-of-pocket costs. **Thus, the mandate as now written would further penalize the families who are most likely to find the minimum penalty to be burdensome on its own. The right to claim the state EITC should be retained.**

In addition, guidelines for utilizing the Health Care Premium Assistance Fund are unclear. We respectfully suggest clarifying how funds deposited in the Health Care Premium Assistance Fund will offset the cost of premiums for insurance purchased through the individual exchange. In addition, it would be helpful to clarify that "applicable individual" does not include individuals for whom out-of-pocket costs would be prohibitive as outlined in section 38a-1084 of the general statutes.

We appreciate the intent of this bill to protect Connecticut's high health insurance coverage rate by incentivizing citizens to secure health insurance and are supportive of the provisions of this bill that would codify in state law various mandated essential health benefits as defined in the ACA and protect individuals from "surprise" billing. However, we are opposed to the provisions of this bill that pave the way for a "low option benefit design." More on our opposition to such health plans is included below, as S.B. 373 includes a similar provision.

H.B. 5379: An Act Establishing A State Individual Health Care Responsibility Fee And The Connecticut Health Care Savings Program

Our testimony above, regarding H.B. 5039, outlines our thoughts on a state-level penalty for failing to obtain health insurance. This proposed bill encourages individuals to deposit penalty fees in individual savings accounts for payment of health care services, which could mitigate the costs of care for uninsured individuals, if only to a small degree. Those who remain uninsured and do not deposit fees into the accounts would pay a fee to the General Fund. As noted above, we support efforts to protect the state's progress in improving rates of health insurance and maintain that such efforts should not impose undue financial burden on the state's lower income families. We respectfully suggest a clarification of how the administration of the trust will be funded, the potential uses of the trust and penalty fees, and an exploration of the impact of the proposed fee structure on lower income families.

An individual mandate is key to stabilizing the marketplace population and premium rates.⁷ Increasing the percentage of insured families will likely require more than a financial enticement to

purchase insurance. A survey conducted by UCONN found health insurance literacy in the state to be quite low.⁸ For example, just one in three enrollees in the individual marketplace could calculate out-of-pocket costs when their insurance plan included a copayment and deductible. Further, since there are significant racial disparities in health insurance coverage and literacy, cultural factors are a likely barrier to enrollment.⁹ A successful campaign to reduce uninsurance in Connecticut would likely benefit from increased health insurance education and outreach in combination with the financial penalties proposed here and in H.B. 5039. Recommendations on how to meet these goals are included in the UCONN report and additional recommendations can be provided by CCKF upon request.

H.B. 5385: An Act Establishing A Working Group To Study Health Insurance Premium Rate Increases And Develop Recommendations To Mitigate Such Increases

We strongly support efforts of the legislature to study proposals to mitigate the impact of any changes to federal law and stabilize premium rates. However, we are concerned that the proposed membership of this working group may limit the perspective of its recommendations. The proposed membership does not ensure representation of children's health needs. Children's needs are often different from those of adults and pediatric preventive care and treatment can have lifelong benefits. Since children are not the driver of health system cost increases, their needs may be easily overlooked.¹⁰ Further, depending upon the appointees chosen, the group's composition ultimately may reflect the perspectives of providers and industry representatives to the exclusion of those representing the patient population. **We suggest that the appointees and required members include at least one health care advocate and an additional consumer, who is the parent of a child with special needs.** Without representation from these communities, the working group's findings may overlook the disproportionate impact of proposals on children and families of children generally, and children with special needs specifically.

S.B. 373: An Act Concerning The Connecticut Health Insurance Exchange, Low Option Benefit Design And Short-term Care Policies

We oppose this proposed bill that paves the way for allowing the sale of short-term and "low option" health insurance plans in Connecticut. As defined in this bill and H.B. 5039, "low option benefit design" plans would adhere to existing protections, but require higher cost sharing in the form of deductibles, copayments, and coinsurance. Short-term plans are not subject to federal requirements and often offer minimal coverage and few consumer protections.¹¹ Should the federal government repeal or significantly alter the Affordable Care Act (ACA), this legislation could result in insurers offering longer-term insurance options that do not comply with ACA or state-mandated protections. In addition, the term "short term" may become inaccurate as the federal government may allow these plans to last up to one year and be renewed.¹² Such "short term" and "low option benefit design" plans could be harmful to low- and middle-income families who may not understand the impacts on their healthcare and their budgets when signing up for such plans. As noted above in our testimony regarding H.B. 5379, a recent UCONN survey found that just one in three enrollees in Connecticut's health insurance exchange could calculate out-of-pocket costs when utilizing a plan with a copayment and deductible.¹³ This survey also noted racial disparities in health insurance literacy, which suggests that plans with additional cost sharing or more complex benefit structures could increase racial disparities in health care access.

The intention of both “short-term” and “low option” alternatives is to offer lower premiums. In practice, such plans offer little or no coverage for families, who must be able to afford high co-pays and deductibles to access treatment or medications. Short-term plans may also include caps on coverage costs or require participants to pay higher premiums due to their age or health status.¹⁴

The Urban Institute projects that such offering short-term plans would result in a significant decrease in the number of families in Connecticut with minimum essential coverage and an increase in average premiums.¹⁵

This is particularly alarming in the context of two recent reductions in income eligibility limits for our HUSKY A parents. These parents and caregivers who are no longer eligible for Medicaid are unlikely to be able to afford any insurance coverage, even when accounting for subsidies for lower income families.^{16,17} **Should poor-quality health insurance plans become available, working families risk paying premiums or co-pays and still being unable to access care due to the high cost-sharing and poor benefits of these plans.** Connecticut has achieved low rates of uninsured adults and children through protections that ensure insurance coverage is meaningful and useful. Prior to federal protections for essential health benefits, 34 percent of enrollees had no coverage for substance abuse services, 18 percent had no coverage for mental health services, and 62 percent had no coverage for maternity services.¹⁸ Expanding insurance options to allow insurers to cover fewer services and/or increase out-of-pocket costs will limit access to vital health services, rendering insurance coverage less meaningful.

In 2016, the Healthcare Cabinet presented an overview of health care cost containment strategies¹⁹ and cost containment is among the primary goals of the Office of Health Strategy.²⁰ We encourage the legislature to consider efforts to control premium costs that do not lessen the quality of care accessible to Connecticut’s families.

Thank you for the opportunity to submit this written testimony regarding H.B. 5039, H.B. 5379, and H.B. 5385, and opposed to S.B. 373. I can be reached with any questions at ksiegel@ctvoices.org or at 203-498-4240, ext. 120.

¹ Kaiser Family Foundation. (2016) “Health Insurance Coverage of the Total Population.” Retrieved from: <https://www.kff.org/other/state-indicator/total-population/?currentTimeframe=0&sortModel=%7B%22colId%22:%22Uninsured%22,%22sort%22:%22desc%22%7D>

² Center for Children and Families. (2016) “Connecticut State Highlights.” Retrieved from: <https://ccf.georgetown.edu/location/connecticut/>

³ Congressional Budget Office. (2017) “Repealing the Individual Health Insurance Mandate: An Updated Estimate.” Retrieved from: <https://www.cbo.gov/system/files/115th-congress-2017-2018/reports/53300-individualmandate.pdf>

⁴ Access Health CT. (2018) Presentation to Covering Connecticut’s Kids and Families Coalition. “Open Enrollment Recap and Potential/New Changes to the ACA.” Retrieved from: http://www.ctvoices.org/sites/default/files/files/CCKF/2018%20Mar%201/AccessHealth_CCKF030118.pdf

⁵ Chandra, A., Gruber, J., and McKnight, R. (2011) “The Importance of the Individual Mandate—Evidence from Massachusetts.” *New England Journal of Medicine*. 364:293-295
DOI: 10.1056/NEJMp1013067

⁶ Rand Corporation. (2015) “How Does the ACA Individual Mandate Affect Enrollment and Premiums in the Individual Insurance Market?” Retrieved from: https://www.rand.org/pubs/research_briefs/RB9812z4.html

⁷ Congressional Budget Office. (2017) “Repealing the Individual Health Insurance Mandate: An Updated Estimate.” Retrieved from: <https://www.cbo.gov/system/files/115th-congress-2017-2018/reports/53300-individualmandate.pdf>

-
- ⁸ UCONN Health Disparities Institute. (2017) “Health Insurance Literacy Survey Report.” Retrieved from: https://health.uconn.edu/health-disparities/wp-content/uploads/sites/53/2017/04/HIL-Brief-4_2017.pdf
- ⁹ Connecticut Voices for Children. (2018) “Reductions in Poverty, Uninsurance at Risk Due to New Budget.” Retrieved from: <http://www.ctvoices.org/census2016> AND UCONN Health Disparities Institute. (2017) “Health Insurance Literacy Survey Report.” Retrieved from: https://health.uconn.edu/health-disparities/wp-content/uploads/sites/53/2017/04/HIL-Brief-4_2017.pdf
- ¹⁰ Kaiser Family Foundation. (2017) “Medicaid in Connecticut.” Retrieved from: <http://files.kff.org/attachment/fact-sheet-medicaid-state-CT>
- ¹¹ Urban Institute. (2018) “The Potential Impact of Short-Term Limited Duration Policies on Insurance Coverage, Premiums, and Federal Spending.” Retrieved from: https://www.urban.org/sites/default/files/publication/96781/2001727_0.pdf
- ¹² Urban Institute. (2018) “The Potential Impact of Short-Term Limited Duration Policies on Insurance Coverage, Premiums, and Federal Spending.” Retrieved from: https://www.urban.org/sites/default/files/publication/96781/2001727_0.pdf
- ¹³ UCONN Health Disparities Institute. (2017) “Health Insurance Literacy Survey Report.” Retrieved from: https://health.uconn.edu/health-disparities/wp-content/uploads/sites/53/2017/04/HIL-Brief-4_2017.pdf
- ¹⁴ Kaiser Family Foundation. (2018) “Understanding Short-Term Limited Duration Health Insurance.” Retrieved from: <https://www.kff.org/health-reform/issue-brief/understanding-short-term-limited-duration-health-insurance/>
- ¹⁵ Urban Institute. (2018) “The Potential Impact of Short-Term Limited Duration Policies on Insurance Coverage, Premiums, and Federal Spending.” Retrieved from: https://www.urban.org/sites/default/files/publication/96781/2001727_0.pdf
- ¹⁶ Connecticut Voices for Children. (2018). “HUSKY A for Parents and Caregivers: Restoring Health Coverage for Families.” Retrieved from: <http://www.ctvoices.org/sites/default/files/Husky%20coverage%20fact%20sheet.pdf>
- ¹⁷ Connecticut Voices for Children. (2016). “HUSKY Program Coverage for Parents: Most Families Will Feel the Full Impact of Income Eligibility Cut Later in 2016.” Retrieved from: <http://www.ctvoices.org/sites/default/files/h16HUSKYIncomeEligibilityCut.pdf>
- ¹⁸ Department of Health and Human Services. (2011). “Essential Health Benefits: Individual Market Coverage.” Retrieved from: <https://aspe.hhs.gov/system/files/pdf/76356/ib.pdf>
- ¹⁹ Healthcare Cabinet. (2016) “Healthcare Cabinet Study of Cost Containment Models.” Documents available at: <http://portal.ct.gov/Office-of-the-Lt-Governor/Healthcare-Cabinet/HEALTHCARE-CABINET-STUDY-OF-COST-CONTAINMENT-MODELS>
- ²⁰ Connecticut Office of Health Strategy. (2018) “Fact Sheet.” Retrieved from: <http://portal.ct.gov/OHS/About>