

## **Insurance and Real Estate Committee JOINT FAVORABLE REPORT**

**Bill No.:** SB-373

AN ACT CONCERNING THE CONNECTICUT HEALTH INSURANCE EXCHANGE, LOW OPTION BENEFIT DESIGN AND SHORT-TERM CARE POLICIES.

**Title:** POLICIES.

**Vote Date:** 3/20/2018

**Vote Action:** Joint Favorable Substitute

**PH Date:** 3/8/2018

**File No.:**

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### **SPONSORS OF BILL:**

Sen. Kevin Kelly, 21<sup>st</sup> District

### **REASONS FOR BILL:**

This bill will enable low option benefit design health insurance policies and limit the CT health Insurance Exchange's ability to create requirements with respect to such policies. Also limit the terms of the members of the exchange's board of directors and limit the exchange's ability to provide severance pay to its employee. Give the General Assembly with additional oversight regarding assessments and user fees charged by the exchange. Eliminate an annual report that the chief executive officer of the exchange is required to file with the Governor and General Assembly and require the exchange to make available short-term policies that are not qualified health plans.

### **Substitute Language:**

LCO # 2920

The substantive change clarifies that the Insurance & Real Estate Committee can disapprove certain Access Health CT assessment increases.

### **RESPONSE FROM ADMINISTRATION/AGENCY:**

**State of Connecticut Insurance Department** testimony stated Sections 1-2 requires the Exchange to offer low option benefit designs. These sections are duplicative of the provisions in Governor's Bill HB 5039, which is more comprehensive in nature. The Department respectfully opposes this legislation in lieu of the Governor's proposal.

The Department would like to provide a technical comment.

Section 5 grants authority to the Connecticut Health Insurance Exchange to make available “short term care policies” as defined in CGS 38a-501a. However, as defined in statute CGS 38a-469 (17), “short-term care insurance,” a relatively new category of insurance, is similar to a long-term care insurance policy. Short-term care insurance provides the same type of benefits – nursing home care, home health care - as a long-term care insurance policy where the benefit period is less than 360 days. “Short term care insurance,” by statutory definition, is NOT major medical insurance, hospitalization or a supplement for Medicare.

**Sen. Martin Looney, 11<sup>th</sup> District** has numerous concerns with the bill. He does not support the low benefit design plans. If these plans were to be permitted in our state they should be designed by the Health Insurance Exchange. The biggest objection to this legislature is that it would allow any short term insurance plan that was permitted by federal government. This has the potential to destroy the ACA. Also, this bill would interfere with the ability of Health Insurance Exchange to function efficiently.

**Jim Wadleigh, CEO, CT Health Insurance Exchange** opposed Section 5 of the bill which grants authority to the CT Health Insurance Exchange to make available “short term care Policies” as defined in CGS 38a-501a.

AHCT opposes the following Sections in the bills:

AHCT is opposed to portion of Section 2 of the bill that seeks to restrict AHCT’s ability to establish requirements for any low option benefit plan. AHCT is required to set certification requirements for qualified health plans offered on the Exchange pursuant to the ACA and CT statute. AHCT must be free to establish requirements for any low option benefit plan that may be necessary to protect consumers.

AHCT also takes issue with Section 3 of the bill that seeks to apply an 8 year term limit to appointed members of AHCT’s Board of Directors.

Opposes Section 4 of the bill that seeks to limit AHCT’s ability to offer severance pay to its employees.

AHCT is opposed to Section 6 of the bill that seeks to conditionally require AHCT to make available short-term care policies that are not qualified health plans. Offering short term care policies of the Exchange along with qualified health plans could have a negative impact on the risk pool for qualified health plans and could result in increased premiums for qualified health plans, or criers deciding not to continue offering qualified health plans on the Exchange. It would also result in significant consumer confusion regarding the different types of plans and the benefits included or excluded in the plans.

#### **NATURE AND SOURCES OF SUPPORT:**

**CT Association of Health Plans** feels it is important to assure that our limited resources are used in the most efficacious manner possible. We appreciate the conversation about that the bill begins about the need to look at different benefit structures to meet various consumer price points. Allowing the creation of more innovative products will spur competition and better serve the state overall.

## **NATURE AND SOURCES OF OPPOSITION:**

**CT State Medical Society** supports Section 3(c)(1) of the legislation limiting participant on the board of the Health Insurance Exchange to eight years of service.

However, as we have done so in the past on several proposed bills before this and other committees, we would be remiss if we did not point out once again that current statute formally prevents the participation of a practicing physician on the board. We ask the committee to amend this proposed legislation to address this deficiency.

The products delivered through the Exchange, as well as its activities impact physicians providing services to those who purchase coverage through the program. It is only appropriate that a physician who provides services to enrollees of an Exchange offered plan be a participant in the Board. No one is more capable of providing information and feedback on the products than those who care for those obtaining healthcare through its products

**Tom Swan, Executive Director, CT Citizen Action Group** will only support an individual mandate if the legislature also offers a real public option where the power of the state, the largest procurer of health care, can be used to protect consumers in a similar manner to what is being considered in Human Service Committee with a buy in for Medicaid.

We reject the premise that the problem with people not enrolling in the exchanges being the fees are too low. The problem is the costs are too high due to the corporatization of health care.

**Karen Siegel, MPH CT Voices for Children** testimony stated that “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. We encourage the legislature to consider efforts to control premium costs that do not lessen the quality of care accessible to CT’s families.

**Jill Zorn, Senior Policy Officer, Universal Health Care Foundation of CT** testimony stated this bill appears to take us in the opposite direction of the following principles, moving us backwards towards insurance coverage that does not cover anything:

Universal: access to coverage and care when and where you need it, leaving no one out

Continuous: no gaps in coverage throughout your life

Affordable: for all income levels

Sustainable: for the economy

Health Outcomes: high quality, safe, comprehensive, and equitable care that promotes health

Also Section 5 appears to allow short-term insurance plans to be offered through Access Health CT. These plans do not meet the standard that Qualified Health Plans are required to meet and they move us away from the principles of universal health care .

Section 3 makes a change to Access Health CT Board terms. We would like to suggest that this section should be amended to add consumer members to the Board.

**Reported by: Diane Kubeck**

**Date: March 29, 2018**