

Insurance and Real Estate Committee JOINT FAVORABLE REPORT

Bill No.: HB-7267

AN ACT CONCERNING PUBLIC OPTIONS FOR HEALTH CARE IN

Title: CONNECTICUT.

Vote Date: 3/19/2019

Vote Action: Joint Favorable

PH Date: 3/7/2019

File No.:

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SPONSORS OF BILL:

Insurance and Real Estate Committee

REASONS FOR BILL:

This bill allows for the people who are individually insured or small businesses to opt in to a public option for health care in effort to expand the market competition, balance the risk pools, and lower prices and premiums to get everyone in this state health care.

RESPONSE FROM ADMINISTRATION/AGENCY:

Kevin Lembo, State Comptroller, Office of the State Comptroller stated in his written testimony that at least one quarter of the state's workforce has no access to healthcare from their place of work. Furthermore, he states this bill would allow for extended reach of the state plan which begins with small businesses and non-profits. The testimony breaks down the action necessary with this bill into three phases: (1) Immediately deliver a health care coverage option to small businesses and their workforce, (2) deliver an option for individuals by 2021, and (3) establish system for continued health care quality and affordability innovation.

Ted Doolittle, Healthcare Advocate, Office of the Healthcare Advocate offers testimony which begins with a new title for the bill, which he states should be renamed "An Act Concerning Public-Private Partnership Options for Health Care in Connecticut", to highlight that this is not intended to be government healthcare, but follows designs from Medicare for privately issued insurance that the government oversees. He states that since the conclusion of a new state-employed workforce cannot be drawn from the bill language, this should be seen as "an adjustment in the way private industry is developed and managed in providing healthcare—that is to say the bills contemplate an innovative new public-private partnership."

He goes on to testify that if Connecticut can solve the problems of universal coverage, more determined cost control, and controlling uncompetitive prices, then workers and insurees of Connecticut can begin to close the gap, and make this state an attractive business and living destination again.

James Michel, CEO, CT Health Insurance Exchange, Access Health CT states that Access Health CT “requests that the proposed ConnectHealth plan(s) be offered through [them] as qualified health plans to provide Connecticut residents with one easy place to shop, compare and enroll in quality healthcare coverage options.”

NATURE AND SOURCES OF SUPPORT:

America’s Health Insurance Plans states their concerns that a public health option would cause many unintended consequences, citing increased coverage costs for those who do not opt in, and threats of destabilization in the market. They recognize the many obstacles typical Americans face when it comes to health coverage, but they also recognize how many people the market does work for, who get the care they need with quality assurance. A number of the concerns they list are to do with rate setting, standardized benefit design, and that the option will affect stability in the provider market, which could harm ease of access. They also cite potential uneven competition in terms of rates. They do offer possible strategies that may work as alternatives, including reduced surprise billing, increasing drug competition, and reinsurance programs among others.

Connecticut Association of Health Plans wrote testimony in opposition to the bill, stating that the state should not be trying to start anew when facing this dilemma but should be building off of progress made already. They see this plan as leading to a single-payer network and increasing taxes. They state the subsidized program will result in adverse selection as the higher risk, higher health cost groups will opt-in, while the healthier groups will not have need to, thus making the risk pool highly expensive to subsidize.

Connecticut Hospital Association expressed concerns in testimony, but also made note that the hospitals/health systems in Connecticut provide care of good quality to all, regardless of ability to pay. Where they find their concerns with the proposed system is with the reimbursement rates for the ConnectHealth Plan. They deem the rates problematic if they are not established at the commercial rates, calling the current system “delicate, unstable, underfunded, and unsustainable.” With all of the incurred losses that hospitals face from reimbursement rates, plus the cost burden falling on those in the commercial market, the Association urges that these rates be set in accordance with the commercial market.

Victoria Veltri, Executive Director, Office of Health Strategy states it is important not to place importance on one market for health care at risk of destabilizing another. The testimony also states that affordable access for individuals and small businesses will need stable risk pools, but that this is a crucial part of the market for the future.

Lindsey Farrell, Working Families Party testified in support.

Frances G. Padilla, President, Universal Health Care Foundation of CT testified in support, citing costs of Access Health CT plans (specifically the bronze plan) to be affordable in theory, but the deductible of \$6,000 and out of pocket maximum of \$7,900 make it really

costly to get sick, even with subsidies. She also recognizes pharmaceutical monopolies and consolidation of hospitals as areas of concern. She testifies that the organization believes the plan should be extended to undocumented immigrants, whom account for roughly 130,000 uninsured.

Jon Kingsdale, Pd.D., Connecticut Association of Health Plans finds concerns in Section VII of the bills which authorizes the Comptroller to enroll small employers in the state employees' plan or a new plan for small employers, stating that cost containment will not be great while the market disruption will be rather cumbersome. He cites the aggregating of purchasing power as repetitive of motions already in existence. He also echoes many of the sentiments in the Association's own testimony about costs and risk pooling.

Representative Joe Aresimowicz, Speaker of the House wrote in testimony that the purchasing power and administrative savings of the state employee plan would be used in extending the plan to individuals and small businesses. He states the effects of this are a high quality, affordable product which can direct a new change of the health care market in the state. We already offer this to municipalities, and now can offer it to more people through having them pay a premium which qualifies them to purchase this insurance if they want to.

Representative Christine Conley, 40th District calls the current state of healthcare a "failing of our society," in her testimony. She writes on behalf of the 700,000 small business workers of the state, of whom less than 50% are offered coverage by their employer. Representative Conley stands by the expansion to businesses and non-profits of less than 50 people, and the further expansion to all individuals by 2021.

Connecticut State Medical Society state that small business entrepreneurial spirits are being suppressed by rising costs of insuring their employees. Their testimony requests new solutions to break this trend, and that this bill could be that solution for small employers "most valuable assets" which would be their employees.

Tom Swan, Executive Director, Connecticut Citizen Action Group testified in support of the bill because "Connecticut's small business environment would improve greatly from passage of this legislation." He also advocates for the public option, by saying the marginalized groups in our society would have a chance at health care from a cost perspective but also it is a morally just thing to do

Mark D. Rego, MD writes that his personal experiences as a physician can be proof that the system does not work, and sees this bill as the next logical step to giving all people of the state access to affordable high-quality healthcare, which he believe this bill will do.

Sally Grossman gave her testimony from the perspective of a self-employed individual. She states that she is on a HUSKY plan, but soon will be ineligible as her income will grow above the threshold, and thus forced to purchase in the private sector if she wishes to have coverage; she urges the support because her situation in particular would benefit greatly.

Polly Moran, MSN, CT-Affiliate of American College of Nurse-Midwives wrote in testimony regarding the potential effects on women's health. If a woman has no or poor access to insurance are less likely to receive prenatal care for early pregnancy and "often times their gynecological care is haphazard at best." She states that preventative care for

women is by far the most effective treatment as well as cost saving measure in our health system—whether it be with birth control or early detection of cervical, breast, or uterine cancers.

Jonathan Gonzalez-Cruz, Policy Coordinator, CT Students for a Dream testified for the support of the bill to allow undocumented individuals access to safe and affordable health care and coverage. He cited this as an economic issue, since uncompensated care costs from hospitals are distributed across both private and public sectors. He also cites preventative care as an important cost saving feature of health care.

The following people testified support for the bill for reasons of relief for small businesses and non-profits, too expensive of health plans, they earn too much for HUSKY but not enough for a private or Exchange plan, to further the ACA, current care is not enough

Matthew Meizlish, MD/PhD Student, Yale School of Medicine

Bobby Berriault

Nancy Burton, MS, CNM, RN

Chelsea Connery

CT Realtors

Sarah Darer Littman

Eileen O'Donnell

Rev. Josh Pawelek

George Fuss

James Root

Robin Henrie

Katelin Penner

Virginia Paquette

NATURE AND SOURCES OF OPPOSITION:

Joe Brennan, President and CEO, Connecticut Business and Industry Association

testified that the biggest barriers to the people attempting to get health insurance in this state would not be alleviated by this bill—market instability, use of state financing, and high premium or care costs. He also mentions that the application for a 1332 waiver in this scenario would not be useful as those waivers are not related to such a program. Many of CBIA's expressed concerns are specific to the projected methods of funding the ConnectHealth program, particularly state subsidies.

Susan, Israel, MD wrote in testimony concerns that center around decreased patient privacy. Furthermore, her testimony states that this state has passed laws over years that mandate identified patient data be sent to state agencies, and the topics of interest are a wide range of information. She questions the State's "virtual medical dossier" it has on residents, and the optimality of attaining this information.

The following people testified that the public option will not lower costs of health plans and premiums, will create instability in the private sector due to unfair competition from the

Comptroller, will cause cost burdens because of unbalanced risk pools (similarly to AHIP above)

Jeffrey Hogan, Northeast Regional Manager, Rogers Benefit Group

Julie Chubet, President, Connecticut Benefit Brokers

Joanna Heller advocates for a state single payer healthcare system.

Reported by: Logan Cotter

Date: 03/26/19