

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

**Bill No.:** SB-134

AN ACT OPENING THE STATE EMPLOYEE HEALTH PLAN TO SMALL

**Title:** BUSINESS EMPLOYEES.

**Vote Date:** 3/19/2019

**Vote Action:** Joint Favorable Substitute

**PH Date:** 3/7/2019

**File No.:**

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### **SPONSORS OF BILL:**

Insurance and Real Estate Committee

Sen. Christine Cohen, 12<sup>th</sup> District

Rep. Michael Winkler, 56<sup>th</sup> District

Sen. Martin M. Looney, 11<sup>th</sup> District

Sen. Derek Slap, 5<sup>th</sup> District

Rep. Christine Conley, 40<sup>th</sup> District

Sen. Saud Anwar, 3<sup>rd</sup> District

Rep. Lucy Dathan, 142<sup>nd</sup> District

### **REASONS FOR BILL:**

This bill aims to aid small businesses in lowering the costs of healthcare to them, while also improving the quality of health care they receive as a result. Furthermore, by increasing purchasing power of the Comptroller, this bill can lower health care costs for state employees. With these motions in place, it should create reason for small businesses to operate in CT while also making them appear more attractive to potential workers.

### **SUBSTITUTE LANGUAGE:**

**LCO #5753** changed 134 to be nearly identical to HB 7267, with some minor changes.

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

None Expressed.

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

**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.

**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.

**Senator Christine Cohen, 12<sup>th</sup> District** wrote in her testimony that from 2015 on, her small business had to begin pushing some of the cost of health care onto its employees, which they had before covered 100%. She states that as they paid more and more for coverage it seemed benefits diminished. She cites out of pocket costs as “cumbersome”, and meeting the deductible for these plans less and less likely. Senator Cohen calls this bill a “tremendous opportunity to allow business to purchase health insurance... [to] prevent a health crisis.” The testimony does contain suggestions of changing the language around what is defined as a small business, and rather than 50 employees, include not more than 100 employees.

The following people testified in similar support to Senator Cohen:

**Diana R. Foster, Allied Sinterings Inc.** while also adding that their company only has four employees and deemed it too much to pay for.

**Tom Swan, Executive Director, Connecticut Citizen Action Group**

**Sal Luciano, President, Connecticut AFL-CIO** testified that this bill provides a reasonable process to small businesses acquiring optional health care coverage. He states that the leverage the state can generate with the amount of people they insure means it can bring savings to small businesses that they never would have gotten otherwise. The testimony also cites reductions in administrative costs which in turn will help small businesses save money, and help their employees attain affordable coverage, which in turn will make them more interested in staying at their job, which in turn grows their business altogether and the state economy as well.

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

**Julie Chubet, President, Connecticut Benefit Brokers** acknowledge in her testimony that the high costs of health care, specifically for small businesses, make it difficult for them to attract and retain new employees. It is also noted in the testimony that what is driving up the prices of health care in the state is cost of care, not because of administration costs, and that nothing in this bill would reduce the cost of care. The testimony expresses the concerns of stop loss care, or the lack thereof. Also, it questions if this bill is implementing a “Cadillac plan”, which means in 2022 could see a 40% excise tax increase. It should be noted that the testimony states if the bill is to move forward, the plan should be actuarially priced and not subsidized by other groups.

**National Federation of Independent Business** expressed their concern through written testimony about how the bill could create government competition in the private sector, which could lead to government run healthcare; something they expressed their members strongly oppose. They also state that the focus for new laws should be incentivizing plans and giving them options to allow them to choose the most quality and cost effective plan for their business.

**Reported by: Logan Cotter**

**Date: 03/25/19**