

# Insurance and Real Estate Committee

## JOINT FAVORABLE REPORT

**Bill No.:** HB-5018

**Title:** AN ACT CONCERNING HEALTH CARE COST GROWTH IN CONNECTICUT.

**Vote Date:** 3/10/2020

**Vote Action:** Joint Favorable Substitute

**PH Date:** 3/5/2020

**File No.:**

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### **SPONSORS OF BILL:**

Rep. Joe Aresimowicz, 30th Dist.  
Sen. Martin M. Looney, 11th Dist.

Rep. Matthew Ritter, 1st Dist.  
Sen. Bob Duff, 25th Dist.

### **REASONS FOR BILL:**

#### Raised bill No. 5018

The reasoning behind this bill is to reduce the cost of health care in Connecticut. This is done by calling on the Office of Health Strategy to establish to establish a growth benchmark and a quality bench mark as well as develop a Canadian drug reimportation program all aimed at reducing health care prices for Connecticut residents.

#### Proposed Substitute Bill No. 5018

Establishes the same as above and sets stricter definitions to make it more in line with other similar governor health care bills.

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

**The State of Connecticut Insurance Department** supports the bill as it will ensure that the insurance cost growth compares with other cost growth trends and codifies the stop loss bulletin HC-126 section 16-22.

**Ted Doolittle, Office of Healthcare Advocate** supports the bill as it calls for the Office of Health Strategy (OHS) to establish a care growth benchmark and work with providers who exceed this benchmark. They also state the bill calls for OHS to establish an annual health care quality benchmark and provides for the Department of Consumer Protection to establish a program for re-importation of prescription drugs from Canada.

**Michelle Seagull Commissioner of Consumer Protection** supports the bill as it would allow for tools to stop the rising health care costs in CT. Vermont was the first state to pass a similar bill for Canadian reimportation of prescription drugs and they are projected to save millions of dollars annually. Several other states such as Massachusetts, Rhode Island and Vermont have similar legislation. It is mentioned that there is oversight authority included in the bill and that Canadian drug reimportation can be done safely and effectively to reduce costs.

**Victoria Veltri, Office of Health Strategy, Executive Director** supports the bill and plans to develop annual health care cost growth benchmark by December 2020 for years 2021-2025, set the spending to reach 10 % by 2025 and develop quality benchmarks by 2022. They state that health care costs represent one fifth of our nations GDP. They state that costs continue to rise and there is a need to bring those costs in line.

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

**CT Association of Ambulatory Surgery Centers** supports the bill and note that the tax has forced the ASC to reduce expenses further and negatively impacted their growth and staffing. They include in their testimony some substitute language that may help alleviate some financial burdens on companies in Connecticut.

**The Connecticut Association of Health Plans** supports bill and encourages it to focus on health care cost drivers specifically.

**Connecticut Children's** supports the bill as it is important to consider how this bill will affect the children of CT and they believe it will do so positively in making health care more affordable.

**Michelle Rakebrand, Assistant Counsel, Connecticut Business & Industry Association** supports the bill as a health care cost benchmark similar to Massachusetts will help curb expenditures greatly in Connecticut. The concept of reinsurance also allows for risk mitigation by providing additional coverage.

**Gaylord Hospital** supports the bill as it is a Long-Term Acute Care Hospital LTACH and its care comes at a high cost but LTACH's are often necessary for complete and full recovery. This bill they argue will help ensure patients receive the appropriate care they need.

**The Connecticut Hospital Association** supports and comments that the legislature bear in mind that the adjustment factors be appropriate, provide for all healthcare spending, and retain flexibility.

**UConn Health** supports the bill as it tackles the cost to patients and the quality of health care by creating several different programs such as a reinsurance program. The Canadian reimportation program will also reduce the cost or prescription drug costs further helping to reduce prescription drug prices. For quality of care the bill calls for OHS to develop and adopt annual health care quality benchmarks for health care entities and would like to partner in developing the standards and new reporting requirements.

**Universal Health Care Foundation of Connecticut** support specifically the creation of a benchmark for health care cost growth in Connecticut. They believe that if it is done similarly to how it was in Massachusetts then CT stands to save its citizens a lot of money on health care costs.

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

**David Benoit, MHP, RPH, Northeast Pharmacy Service Corporation** opposes the bill as the reimportation of Canadian drugs would impose significant costs on the pharmaceutical industry to implement.

**Gian-Carl Casa, president and CEO, CT Community Nonprofit Alliance** opposes the bill as it believes the state could save more money by converting Local Mental Health Authorities to Nonprofit operations.

**The Biotechnology Innovation Organization** opposes the bill as they believe it would be in violation of the Drug Supply Chain Act and pose a significant risk to consumers.

**Paul Pescatello, Senior Counsel, Executive Director, Connecticut Bioscience Growth Council** opposes the bill as they believe it may go against the federal Drug Supply Chain Act and new measure of track and trace would have to be put into place to ensure consumer safety.

**The Pharmaceutical Research and Manufacturers of America** opposes the bill as it believes reimportation of drugs from Canada will pose a significant threat to patient safety. Instead they believe it would increase costs for things such as law enforcement and repackaging/relabeling.

**Kathleen Silard, President & CEO, Stamford Health** opposes the bill as they have concerns on whether the health care costs can be reflected in the method the bill establishes to determine growth. Many costs are also Unique to health care and are beyond the control of the provider. Stamford also makes several requests such as that confidentiality be strengthen and the timeframes be adjusted as 30 days could present undue administrative burden.

**Reported by: Lawrence Sanchez**

**Date: 04/01/2020**