

Dear Senator Lesser, Representative Wood and Distinguished Members of the Insurance and Real Estate Committee,

My name is Paul Honig. I live in Harwinton, CT. I write in favor of SB 842.

Healthcare in our country is way too expensive. Procedures frequently cost two, three, or four times than in other developed countries. When 40% of people can't manage an unexpected \$400 bill, unaffordable medical treatments are akin to not having the treatments at all.

Our present system lets insurance companies play a leading role in negotiating medical service prices. And, unfortunately, insurance companies don't seem to care if the costs increase dramatically. They negotiate contractual rates in a policy period and set their premiums accordingly. If the rates increase for the next policy period, the insurer simply raises the rates.

A provision in current federal healthcare legislation to protect consumers from excessive profits for insurers actually provides a perverse incentive. Current law requires 80% of premiums be spent on medical care, the remaining 20% for administration and profits. The higher the cost of medical care, the higher the premiums AND profits. In 2018, I paid \$18,000 in premiums for my family of 4 with an \$11,000 deductible. In 2020, it costs \$23,000 for the same policy. My insurer's potential profit is up by 25% over the last 2 years.

The State of Connecticut, however, has a vested interest in keeping down the cost of healthcare. With hundreds of thousands of people on the employee healthcare system and Medicaid, Connecticut is the ultimate payer of billions of dollars in healthcare costs. Insuring so many, Connecticut has the purchasing power to demand lower prices from providers. As a result, healthcare costs in state plans have grown more slowly than private plans. The option for the public to buy state insurance would benefit us all.

Small businesses, nonprofits, and individuals should have the option of buying into the state insurance program. Perhaps with a little competition from the state, who wants to keep the costs of healthcare services down, insurance companies will start to care more about costs.

Sincerely,

Paul Honig
Harwinton