

Testimony of

Cassandra Murphy, Executive Director
The Connecticut Coalition of Taft-Hartley Health Funds

To the Insurance and Real Estate Committee – Public Hearing February 9, 2021

Concerning

Senate Bill 842

AN ACT CONCERNING HEALTH INSURANCE AND HEALTH CARE IN CONNECTICUT

Member Health Funds

Bricklayers Local 1 CT

Connecticut Pipe Trades

Electrical Workers Local 90

Heat & Frost Insulators &
Allied Workers Local 33 CT

Ironworkers' Local 15 & 424

NE Health Care Employees
District 1199, SEIU

Operating Engineers
Local 478

Painters & Allied Trades
District Council 11

Plumbers & Steamfitters
Local 131

Roofers Local 9

Roofers Local 12

Sheet Metal Workers
Local 40

UFCW Local 919

On behalf of the Connecticut Coalition of Taft-Hartley Health Funds, Inc. ("Coalition"), I would like to thank the members of the Insurance and Real Estate Committee for allowing me to submit testimony regarding Senate Bill 842, specifically regarding the creation of new public options for health insurance in Connecticut.

I am Cassandra Murphy, Executive Director of the Coalition. The Coalition is a non-stock membership corporation under Connecticut law, operating on a "not-for-profit" basis. The Coalition was incorporated in June of 1992, and the Internal Revenue Service has confirmed that the Coalition is a tax-exempt organization under Section 501(c)(6) (business league) of the Internal Revenue Code ("Code"). In general, the Coalition's 13 Member Funds or "Members," representing approximately 50,000 covered lives in Connecticut, are tax-exempt, multiemployer health and welfare funds which are governed by various federal laws, including ERISA and the Taft-Hartley Act of 1947. Each of these thirteen Members has an affiliation with a specific labor union, and each is normally tax-exempt under Code §501(c)(9) as a "voluntary employees' beneficiary association" or VEBA.

Our Members are both health care payers and consumers. The Coalition's mission involves using the combined strengths of its Members to secure quality, affordable health care for the working people who participate in the Members' welfare funds and their families, and to promote the financially sound continued long-term survival of Taft-Hartley Health Funds. The continually rising costs of health care are a significant strain on the Coalition's Members as well as the general public, and I applaud your efforts to bring forward potentially cost-saving health insurance alternatives.

I am not here to testify for or against Senate Bill 842. Rather, I come before you to share both the potential benefits of this bill for our Members and Taft-Hartley Health Funds in general, as well as concerns and challenges. For some Taft-Hartley Health Funds, opting into a public health insurance plan may ease financial stresses by providing a fixed "per member per month" premium cost structure and leveraging the power of the existing state employee health plan. It would also alleviate administrative burdens, as issues of plan design, vendor contracting, adjudication of claims and appeals would shift to the public plan. For other Taft-Hartley Health Funds, these same factors would mean relinquishing decision-making power over the plan of benefits bargained for by their respective labor unions, possible disruption for covered individuals with their current health care providers, elimination of long-term administrative staff, and additional financial concerns.

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The proposed bill references a number of administrative fees and charges that may be levied against the multiemployer funds and other groups, without stated limitations, for the coverage period of not less than three years for multiemployer plans. Additionally, coverage under a public option will likely lead to expanded benefits and higher costs for the vast majority of the Coalition's Members, as their existing ERISA preemption does not require that they currently follow state insurance law mandates. Health care under a Taft-Hartley plan is largely funded by contributions from contributing employers for hours worked by their union members, as negotiated in a Collective Bargaining Agreement (CBA) which can span many years, and such contributions may not be readily increased to cover rising health care costs. As such, entering into an extended contractual agreement under the public option, which might become financially disadvantageous for a Member Fund, could violate the prudence rules under ERISA. The Coalition and its Members need a better understanding of the plan design alternatives and the associated premium and administrative costs in order to determine if a public plan would be a feasible option.

In sum, each of our Member Funds are distinct entities with individual plans of benefits and Boards of Trustees, and their interest in pursuing a public option for health insurance is likewise unique; therefore, a public option would not be unanimously utilized by the Coalition's Members. It is also worth noting that this bill may ultimately harm the Coalition itself and its tax-exempt mission through the loss of Members over time, but it is our hope that providing more insight into the unique challenges of Taft-Hartley Health Funds may help some of our Members long-term.

Again, thank you for the opportunity to comment on this important section of Senate Bill 842.

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