



NFIB
304 W. Main St., #205
Avon, CT 06001
(860) 248-NFIB
NFIB.com/CT

**TESTIMONY OF
NATIONAL FEDERATION OF INDEPENDENT BUSINESS (NFIB)
OPPOSING
SB-842, AAC HEALTH CARE AND HEALTH INSURANCE IN CONNECTICUT
INSURANCE & REAL ESTATE COMMITTEE
FEBRUARY 9, 2021**

NFIB is the leading small business association in the nation with thousands of members in Connecticut representing a cross-section of the state's economy. For more than 75 years, NFIB has been advocating on behalf of America's small and independent business owners, both in Washington, D.C., and in all 50 state capitals. NFIB is nonprofit, nonpartisan, and member-driven. Since our founding in 1943, NFIB has been exclusively dedicated to small and independent businesses and remains so today. On behalf of those small- and independent- job-providers here in Connecticut, NFIB offers the following comments:

NFIB is committed to seeking legislative healthcare reforms that can help small business owners and their employees; NFIB does not feel, however, that SB-842 as currently drafted will accomplish our goal of ensuring that small business owners can have access to health insurance that is *affordable, flexible, and predictable*. While potential reforms to achieve these goals may include possible innovative pooling arrangements – particularly those that result in stable risk pools with negotiating power – there are concerns about potential market destabilization and/or cost shifts that could result overall from this particular legislation, and specifically the “public option” component to be created for small businesses and others through Sections 1 & 2 of the bill. Additionally, NFIB is concerned that this proposal creates government competition with the private sector, and could ultimately lead to government run healthcare, something our members strongly oppose. While competition in the health insurance marketplace is certainly beneficial, NFIB members would favor free-market competition over state government intervention. Finally, small business owners are concerned about the potential financial impact this proposal could have on them, both directly and indirectly as state taxpayers. For instance, if costs related to the contemplated public option in this bill were to suddenly rise, or, despite the ability for selectivity in determining the pool of covered lives/employers, if the claims experiences were to exceed modeling, those losses would have to be made up somewhere – either through higher premiums or other charges levied on policyowners directly or ultimately through the state's general fund and tax revenue.

NFIB in Connecticut is also very much concerned with the industry assessments on health insurance carriers that are contemplated in Section 4 of the bill. Since most small business owners and their employees purchase and receive their health insurance through the fully insured marketplace, either through individual or small group plans, any new levies or assessments on carriers will ultimately impact small businesses in the marketplace with higher costs. It is also worth noting that current approved rates do not include the impact of a similar federal assessment, which was originally contained in the Affordable Care Act has been repealed. On the face of it, the assessment contained in this section of the bill seems antithetical to the goal of reducing the costs of health insurance for small business owners in the fully insured marketplace.

Pandemic-related issues at the moment aside, small business owners continue to tell us that the cost of health insurance is their top concern. According to the most recent (10th) edition of



NFIB
304 W. Main St., #205
Avon, CT 06001
(860) 248-NFIB
NFIB.com/CT

the *Small Business Problems & Priorities* report by the NFIB Research Foundation, published in August 2020 but covering the prior 4 years pre-pandemic, the “cost of health insurance” remains the number one problem for small businesses, unchanged since 1986. Fifty-one percent of owners find the “cost of health insurance” a critical problem. The number one ranking is reflected in all 46 sub-categories of businesses analyzed in this survey.

Health insurance costs for small firms have risen 43 percent in the last decade, an increase unfortunately outpacing wages and inflation. Rising health insurance costs have proved unaffordable for many small-business owners resulting in some owners terminating their employer-sponsored health insurance program, others delaying the benefit until reaching higher profitability, and priced out other firms from ever offering the benefit. This trend is reflected in the decline of small-firm offer rates from 41 percent in 2009 to its current rate of 30 percent. But even those offering the benefit continue to adjust deductibles and co-payments to negate some of the steep yearly premium increases. Without a major refocus of current thinking on how to lower health care costs, the cost of health insurance will almost certainly be the most critical business problem facing small-business owners again in four years.

The intent behind SB-842 is certainly laudable and in line with our member concerns about the rising costs of healthcare. Affordable, quality health insurance is a goal that NFIB and our members in Connecticut certainly support. NFIB members want Connecticut lawmakers to focus on proposals that address both the underlying costs of care and the costs of insurance – again, with a focus on reforms that help ensure health insurance is affordable, flexible and predictable. Such proposals this session include HB-5013, which strengthens Connecticut’s mandated benefit review process, and also various bills which would have the effect of fully codifying the Governor’s E.O. 5 regarding cost-growth benchmarking, among other proposals.

Thank you for the opportunity to comment and for your consideration of NFIB’s concerns on behalf of small business. For any questions or additional information, please contact Andy Markowski, NFIB’s State Director in Connecticut, at 860-248-NFIB.