

WRITTEN TESTIMONY OF CONNECTICARE, INC.

**SUBMITTED TO:
THE INSURANCE AND REAL ESTATE COMMITTEE
CONNECTICUT GENERAL ASSEMBLY**

February 9, 2021

**TESTIMONY IN OPPOSITION TO:
SB 842 An Act Concerning Health Insurance and Health Care in Connecticut.**

To the distinguished members of the Insurance and Real Estate Committee, thank you for the opportunity to submit written testimony on the aforementioned legislation. My name is Michelle Rakebrand and I am Senior Government Relations Director at ConnectiCare. ConnectiCare has been making Connecticut a better place to live and work since we were founded in 1981 by a group of doctors. A local company for 40 years, we offer a full range of products and services for businesses, municipalities, individuals, and those that are Medicare eligible. ConnectiCare serves nearly half a million residents, including our wellbeing programs. We are the market leader in individual insurance in the state and over 75% of Access Health CT members are enrolled in a ConnectiCare plan.

ConnectiCare opposes *SB 842 An Act Concerning Health Insurance and Health Care in Connecticut*, because it does not achieve its objective of lowering the cost of health care or insurance.

Sections 1 – 3 of the bill grant overreaching authority to the Office of the Comptroller, allowing him to administer a state-run public option. While proponents of the bill assert that the policies outlined herein are aimed to lower health insurance premiums for small groups who participate, the deficient operation of the CT Partnership Plan lead us to believe the opposite.

Under the bill, the Comptroller is permitted to set up a risk fund, which will be used to pay any claims that exceed premiums (LCO#2814, lines 172-177). That risk fund will be paid for through charges levied on small employers. The CT Partnership Plan, which is the plan small employers would be permitted to buy into under this bill, has run at a deficit of approximately \$20 million for the past two years. Under the same operation, it is improbable that small employers would realize a cost savings on premiums when being forced to make up such a large deficit.

In addition to the risk fund levied charge, small employers will also be responsible for an assessment (LCO#2814, lines 156-161). The assessment will be charged against small employers on a per member, per month basis for any charges the Comptroller deems necessary to provide coverage.

Further, the legislation also allows the Comptroller to institute an administrative fee (LCO# 2814, lines 117-120). The fee will be charged on a per member, per month basis, and may be included with the broker fee. However, there is no indication in the legislation what this administrative fee will be used for.

The charge levied for the risk fund, assessment for contract procurement, and undisclosed fee would be in addition to the monthly premium. Pursuant to the bill, premiums would be equal to costly premiums paid by the state for the state employee plan (LCO#2814, 69-73). As such, the proposal outlined in SB 842, inclusive of premiums, charges, assessments, and administrative fees, would not drive down costs for small employers as promised.

SB 842 will not only have costly implications for small groups that purchased plans under the CT Partnership Plan, it will also lead to negative effects in the small group market outside the partnership. The legislation requires small employers to apply to participate in the CT Partnership Plan. The Comptroller has the authority to approve or reject such applications, and therefore can select which groups are permitted into his plan based on the groups medical history (LCO #2814,

lines 59 – 67; 178 – 182). This type of selection is precluded under the Affordable Care Act, requiring all health insurance policies to be sold on a guaranteed issue basis. The Comptroller's ability to self-select small groups could result in healthy, low-risk groups entering the CT Partnership Plan, leaving the high-risk groups in the commercial market. As such, if the private market is left with the majority of high-risk groups, costs will dramatically increase in this market.

Unrelated to the state-run public option component of the bill, SB 842 also calls for an assessment on the small group market, further adding to costs to small employers (LCO #2814, lines 234 – 238). The assessment will apply to both insured and self-insured plans. Over two-thirds of small employers in Connecticut have turned to self-insured plans due to the cost savings realized through the exemption from state assessments, fees, and mandates. Furthermore, said exemption is permissible under ERISA, a federal act, which is the governing law for such plans. Applying an assessment to self-funded plans invites significant legal challenges, as well as a substantial cost increase.

Despite ConnectiCare's opposition to SB 842, we concur with this committee that something must be done to address the cost of health care. We vehemently disagree with how this bill aims to do that. To decrease costs, the underlying cost driver need to be addressed. Here, the main factor contributing to the ever-rising increase is the cost of care. This legislation does nothing to address this cost, or even so much as mention it. ConnectiCare stands ready to work with this committee to provide affordable coverage for our neighbors, and addressing the cost of health care must be part of the solution.

Thank you for your time and consideration, we welcome further discussion on this matter.