



Building Service 32BJ Health Fund

25 West 18th Street
New York, NY 10011-4676

www.32bjfunds.org
212-388-2000

Kyle E. Bragg, *Chairman*
Howard I. Rothschild, *Secretary*
Peter Goldberger, *Executive Director*
Sara Rothstein, *Fund Director*

**Testimony from Sara Rothstein, Director of the 32BJ Health Fund
February 9, 2021**

Chairs of the Insurance and Real Estate Committee: Senator Matthew L. Lesser and Representative Kerry S. Wood. Ranking members: Senator Tony Hwang and Representative Cara Christine Pavalock-D’Amato:

Thank you for your time today on the topic of creating innovative solutions to rising healthcare costs for the working people of Connecticut.

My name is Sara Rothstein. I am the Director of the 32BJ Health Fund, a multiemployer plan that provides benefits to union members of 32BJ SEIU and their eligible dependents. The Fund is jointly governed by a board of trustees appointed by the Union and the Employers.

In the state of Connecticut, we have 54 contributing employers in the property service industry. We provide benefits to more than 9400 people living in Connecticut, including nearly 6000 union members and almost 4000 dependents. Our plan participants have high quality and affordable health benefits, with premiums that are fully funded by employers that negotiate with 32BJ SEIU.

From October 2019 through September 2020, the 32BJ Health Fund paid \$32.7 million dollars just for hospital medical benefits for our plan participants who live in Connecticut. Rising health care prices, due to hospital consolidation and other factors, threaten the affordability of our benefits. This is particularly true in Connecticut:

- According to publicly available data from the Health Care Cost Institute, several of the metropolitan areas of Connecticut where our members work are highly concentrated¹:
 - Hartford-West Hartford-East Hartford: high degree of concentration
 - New Haven-Milford: high degree of concentration
- According to additional publicly available data from the Health Care Cost Institute, several of the metropolitan areas of Connecticut where our members work are highly priced²:
 - Bridgeport-Stanford-Norwalk: 16th most expensive Metropolitan Statistical Area (MSA) in the US
 - New Haven-Milford: 24th most expensive MSA in the US
 - Hartford-West Hartford-East Hartford: 30th most expensive MSA in the US

We believe it is our responsibility as fund administrators to manage rising healthcare prices, rather than shift costs to our plan participants. Price shifting through premium increases and deductibles often simply results in working people paying more for their care without creating a path to lower healthcare prices. Further, ample research has demonstrated that healthcare services aren’t actually shoppable and it’s not reasonable to

¹ Health Care Cost Institute, Hospital Market Concentration Levels by Year, 2013-2017. Cited data is for 2017. Accessed at <https://healthcostinstitute.org/hcci-originals/hmi-interactive#HMI-Concentration-Index> on February 4, 2021.

² Health Care Cost Institute, Overall Health Care Prices in U.S. Metros Relative to National Median, 2017. Accessed at <https://healthcostinstitute.org/hcci-originals/hmi-interactive#HMI-Price-Index> on February 4, 2021.

expect our plan participants to manage these rising costs on their own.³ To this end our Fund has implemented plan design features that encourage use of cost-effective providers over high-priced providers whose quality isn't better.

Nonetheless, our ability to address these rising costs through vendor management and plan design features is limited. Purchasers and policymakers need to work together to develop new solutions that reign in rising healthcare prices without needlessly shifting costs to working people. We support SB842 which will enable the State of Connecticut, through the Comptroller's Office, to explore innovative solutions to rising healthcare prices. By creating a larger pool of plan participants, that includes multiemployer plans, nonprofits and small businesses, we believe the State of Connecticut can leverage its purchasing power to lower healthcare costs for working people.

³ Austin Frakt, "Shopping for Health Care Doesn't Work. So What Might?" New York Times, July 30, 2018. Accessed at <https://www.nytimes.com/2018/07/30/upshot/shopping-for-health-care-simply-doesnt-work-so-what-might.html> on February 8, 2021.