

Insurance and Real Estate Committee

JOINT FAVORABLE REPORT

Bill No.: HB-6447

AN ACT CREATING THE COVERED CONNECTICUT PROGRAM TO EXPAND

Title: ACCESS TO AFFORDABLE HEALTH CARE.

Vote Date: 3/22/2021

Vote Action: Joint Favorable Substitute

PH Date: 3/9/2021

File No.:

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SPONSORS OF BILL:

Office of Governor Ned Lamont

REASONS FOR BILL:

To address current concerns on access and affordability of health care in Connecticut. The bill seeks to develop an annual plan that allows the reduction of the state's insured rate while addressing growing costs of prescription drugs.

Proposed Substitute Language

An Oral Amendment was made so that the fund expanded from the Connecticut account established under section 2 of the bill and the plan would require approval by the insurance and real estate committee. This change was made as a result of a concern brought up in the public hearing. The change will allow provision of the spending of the two funding accounts in the bill.

RESPONSE FROM ADMINISTRATION/AGENCY:

State of Connecticut, Insurance Department supports the bill as it provides the flexibility to address barriers in access to affordable quality health care through premium subsidies, reinsurance programs and or seeking a 1332 waiver. The framework in the bill will address high costs in prescription drugs in the fully insured market. This bill also allows for transparency as it will provide an annual report to the Insurance committee.

Jonny Dach, Office of Governor Lamont, State of Connecticut supports the bill as healthcare is a human right that CT residents struggle to afford. Governor Lamont proposed working with Massachusetts to limit annual increases in drug prices no more than inflation plus 2% which builds on the work creating a health care cost growth benchmark. Governor

Lamont also proposed creating a new covered Connecticut program like the work of New Jersey and California, that will reduce the number of uninsured CT residents by reducing costs on the Access Health Connecticut Exchange or targeted expansions of the State Medicaid program.

Victoria Veltri, Office of the Health Strategy supports the bill as it creates and operationalizes the Covered CT account and requires OHS, to develop and annual plan to reduce the state's insured rate and make coverage more affordable. It also aims to contain growing prescription drug costs. The bill addressed the immediate gaps by dealing with major underlying drivers of health care spending and assuring affordable coverage.

Ted Doolittle, Office of the Healthcare Advocate applauded the intent of HB 6447 which mitigates the burdens of health care costs imposed upon Connecticut's neediest residents. OHA does not support reinsurance as a primary strategy for addressing affordability concerns, while it is a vital problem. OHA encourages the committee to consider revising the bill to eliminate the potential that the Covered CT account could employ reinsurance in isolation from other desirable strategies to mitigate its potential impact on subsidized populations.

NATURE AND SOURCES OF SUPPORT:

Ellen Andrews, PhD, Executive Director, Connecticut Health Policy Project supports the proposed tax on excessive prescription price increases but have great concerns about the Covered Connecticut plan. The Governor's proposal on taxing excessive price increases is the best option to make healthcare affordable. However, the Covered CT Plan proposal is broad and there is no provision for public input or feedback.

The Connecticut Hospital Association support the policies to expand subsidies to working families, explore exchange-based coverage affordability through insurance, partnering with the federal government to bring down costs of exchange-based coverage and expansion of Medicaid coverage. They also support the focus on the impact of rising drug costs on families, employers and healthcare providers. They ask that hospitals be excluded from the assessment imposed on the bill.

Universal Health Care Foundation of Connecticut supports the provision of the bill to expand access to affordable coverage. However, feel the bill does not go far enough to address the coverage gap that existed prior to the pandemic which have now widened. They prefer SB 842.

Connecticut State Medical Society (CSMC) offered changes to the bill regarding high-deductible health plans (HDHP's). As the current bill would drive patients to HDHPs which would exacerbate the prominent issues. The impact of HDHPs have negative consequences on patient health and the quality of physician- patient relationships and may be driving disparities in health outcomes. The CSMC asked that the recommendation of the HDHP workgroup convened last year among other recommendations be incorporated in the bill. They urged that the legislature look at Medicaid network concerns in tandem with the proposed bill.

Kevin C. Kelly, Senate Republican Leader, Connecticut General Assembly applauded the Governor's recognition that a state-based reinsurance program will reduce health care premiums for middle class families. However, the way the bill is written before the committee will not maximize federal dollars and will not yield intended results. He stated it will not maximize savings and a health tax will cause premiums to increase. There are no steps that go beyond a reinsurance program nor language codifying state effort.

Neil Roberts, Burlington, CT offered comments on the bill. Underlying provider expenses are participant utilization are key drivers of the cost of healthcare which is not being addressed in the bill. Adding assessments will not make healthcare more affordable. The legislation only perpetuates the problem and offers no tangible solutions.

Kathleen Silard, Stamford Health supports the efforts to expand access to health insurance and lowering drug costs. They do have concerns with the assessment portion of the bill and asked to avoid increasing costs for employers.

NATURE AND SOURCES OF OPPOSITION:

Alexion opposed the bill because it would be detrimental to the development of necessary prescription drugs and therapies within the Connecticut Bioscience industry. Alexion had concerns with sections 6, 7 and 8 due to the imposition of price controls on medicines which is problematic and will lead to undesired consequences listed in the testimony. The bill if enacted will cost thousands of jobs and harm patients.

Stephanie Amato, President, Connecticut Benefits Brokers, CTAHU opposed the bill because the bill will result in direct rate increases and the additional tax will be passed on to premium payers. She stated that there are many taxes placed on health insurance which is why costs are high and so imposing another tax is not the solution.

Frank James Andriulli III, West Haven, CT opposed the bill due to the taxation which will not make premiums lower.

John Ashkar, Sr. Danbury, CT opposed the bill because it will impose a tax and does not deal with the real issue of health care costs.

Dawn Hocesvar, CEO, Bio CT opposed the bill especially section 7 because it ignored the reality of the true cost of prescription drugs which includes rebates and discounts determined by PBMs, payers and pharmacists. Thus, it does not actually address the costs patients pay for their medication.

The Connecticut Association of Health Plans opposed the bill due to the \$50 million assessment on health insurance members that is included in section 4 of the bill. Urged the committee to delete the section and direct OHS to incorporate federal funding into the plan of operations moving forward.

Boehringer Ingelheim (BI) opposed sections 6-8 of the bill. Shared that they want access to the drugs developed however, the governor's proposal will not change the price a patient pays. The governor's proposal does not address the systemic inefficiencies like the prices

sent by pharmaceutical companies. The bill will bring on unintended consequences and BI hopes to work with the Governor and legislature to identify solutions.

Richard Bonini, Hartford Florist Supply opposed the bill because it will tax businesses in a time where they are struggling. He stated the proposal harms more than it helps.

Wyatt Bosworth, Assistant Counsel, CBIA opposed the bill because they are concerned with the additional financial burden the assessments will cause. As assessments and taxes continue to drive overall insurance costs for individuals and small businesses. Urged to reject the bill because federal dollars are imminent to fix the subsidy cliff on the exchange. He also urged the committee to pass a reinsurance program that relies on state funds.

John Burkhardt, DVM, PhD, Site Head, Pfizer Inc opposed the bill as the bill is something to aspire the legislation assumes incorrectly that there is a disproportionate spending on prescription drugs while wrongly asserting that innovative manufacturers should be penalized and naively assumes biopharmaceutical manufactures determine the price a patient pays. The bill does not actually lower costs for the patient, but it will decrease access to future innovations.

Anthony Cirone, Cirone Friedberg opposed the bill as it adds a new \$50 million surcharge onto health insurance premiums significantly raising costs. This will impact those who fall into large-group market. Asked that it be a priority within the state budget instead of adding a surcharge on the employer.

Michelle Rakebrand, Senior Government Relations Director, ConnectiCare opposed the bill because it does not make health care more affordable for most Connecticut residents. The object to section 4 of the bill which imposes an assessment of \$50 million on all large group commercial plans. The proposal also seeks to assess fully and self-insured plans despite self-insured plans already being regulated federally.

Brendan Deakin, New Town, CT opposed section four as it imposes a new tax on some health insurance policies to subsidize others. Connecticut already has the most health insurance mandates which drive costs of premiums.

Joseph Ferretti, CT opposed the bill as it impacts working individuals and families. Families are struggling to make ends meet and a tax on health insurance is an unnecessary burden.

Tom Figlar, CT opposed the bill due to the taxation. Placing a tax on health insurance will increase the cost of insurance for hard-working people and their families. Urged to make health care more accessible and affordable.

Dennis Frosolone, Wolcott, CT opposed the bill because of the additional tax burden. If the bill is adopted, he could lose his job or put others at risk.

Kathy Hoyt, Hamden, CT opposed the bill as it adds an additional tax. She wants support and stability as a business owner and does not support the bill.

Tom Matthews Jr., CT is concerned with the legislation as it would propose a new tax on health insurance. As a small business owner, he has faced many hardships and economic

struggles especially with the Covid-19 pandemic. The bill would over-burden small business owners and working-class families.

Joseph F. McVert Jr., East Haven, CT opposed the bill because of the unintended consequences of legislation. Businesses are trying to recover from the pandemic and this legislation will make that more difficult.

Frank Musante, Milford, CT opposed the bill because an imposed tax would create seriously financial implications for him and hinder his ability to afford insurance in the future.

Nick Musante, CT opposed the bill because it would be a financial burden. Covid-19 has shown that access to health care is important but not at the expense of local businesses trying to stay afloat.

Paul Myott, Hamden, CT opposed the bill because of the imposed tax and asked to reduce the actual cost of healthcare. The tax will not only affect the employer but the employees as well.

Kyra Palange, Wallingford, CT opposed the bill due to the imposition of a tax on private insurance holders during a time where residents can least afford it.

Lisa Passidomo, Woodbridge, CT opposed the bill as it would increase premiums for private insurance holders. Many families are struggling financially and cannot afford any additional costs, especially on health insurance.

Alison Perfetto-Rivera, CT opposed the bill as it will drive the insurance business out of CT. Taxing insurance policies is wrong and does not make it affordable.

Paul Pescatello, Senior Counsel, Executive Director, Connecticut Bioscience Growth Council is opposed to section 6-8 of the bill which would impose penalties on prescription drug increases in excess of the 2% above the rate of inflation. The bill mischaracterizes health care inflation and attempts to shift responsibility for health care inflation to the biopharma industry.

John Burkhardt, Site Director, Groton Labs, Pfizer opposed the bill as it assumes incorrectly that there is a disproportionate spending on prescription drugs for which manufactures should be penalized and that the price a patient pays is determined by biopharmaceutical manufacturers. Government price setting diminishes the incentive for biopharmaceutical manufactures to invest in the research and develop new medicines.

P.J. Prunty, President & CEO, Greater Danbury Chamber of Commerce, Inc. opposed section 4 of the bill as it adds an assessment on individual and large-group health insurance policies equating to a \$50 million targeted tax. Adding a tax on insurance will only increase costs when the goal is to lower the cost of health care.

Mary Jean Rebeiro, President, The NY-CONN Corporations opposed the bill as it imposes additional health insurance taxes on premiums for employers. Instead of lowering health care costs it will do the opposite.

Alex Rivera, CT opposed the bill as it will increase insurance costs.

Anthony M. Rizzo Jr., CEO, The Rizzo Companies opposed the bill as it is an attempt to lower costs of health care at the expense of others. Asked the committee to focus on underlying costs drivers and health care instead.

Kelly Ryan, Deputy Vice President, PhRMA opposed the bill as it would require drug manufactures to pay 80% penalty on price increases which raises constitutional concerns. The proposal focuses on manufactures which ignores the rest of the supply chains while doing nothing to address what patients pay at the pharmacy counter.

Garrett Sheehan, President & CEO, Greater New Haven Chamber opposed the bill due to concerns on the drug price control system and how it will negatively affect biotech businesses. He is concerned the bill will have unintended consequences for CT residents.

Tony Sheridan, President & CEO, Chamber of Commerce of Eastern Connecticut opposed the bill as it results in unintended consequences of stifling research and innovation that provides cures and treatments we rely on.

Indresh Srivastava, Protein Sciences, A, Sanofi Co., opposed the bill as it would have the effect of stifling innovation. Sanofi and Protein sciences are proud to devote resources to cutting edge research and development.

Brendan Sullivan, CT opposed the bill as people are struggling to afford health care and adding a tax would make it more difficult to afford.

Steve Sullivan, CT opposed the bill and suggested there be a full analysis on the problems and the costs associated with them.

Tom Swan, Executive Director, Connecticut Citizen Action Group opposed the bill as it does not account for subsidies, does not aid small business, does not include undocumented neighbor's, and other things that would address health care access and affordability.

Danny Thomas, Wallingford, CT opposed the bill as it is a wrong approach and the policy would benefit some at the expense of others.

Douglas Turcotte, West Haven, CT opposed the bill as it does not have a solid foundation and it would tax working families for having insurance. The bill will result in undesirable outcomes.

Kristen Turkosz, Woodbridge, CT opposed the bill as it would increase the costs of insurance and make it impossible to live in CT.

Tate Veley, CT opposed the bill as it taxes and potentially damages the private industry. Urged for a better way to bring health care costs down.

Reported by: Christina Cruz

Date: 04/05/2021