



Testimony Re: Raised S.B. No. 842 'An Act Concerning Health Insurance and Health Care in Connecticut'

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Co-Chairs Lesser and Wood, Ranking Members Hwang and Pavalock-D Amato and members of the committee, I submit the following testimony on behalf of my colleagues and members the Connecticut Benefit Brokers, A Chapter of NAHU (CTAHU).

The Connecticut Chapter of the National Association of Health Underwriters represents the independent health insurance agents and brokers who work with individuals, families, and small businesses throughout Connecticut to advise them in selecting health insurance plans that best fit their needs. We spend a great deal of time educating our clients on how to use their benefits and keep our small business clients up to date on changing regulations. Every day we work with our clients and see that Connecticut needs better more competitively priced options. We agree that everyone deserves to have affordable quality coverage. However, we don't agree that offering a new public option is the solution to achieving that affordability.

This legislation raises a number of key concerns and questions for us. Based on those concerns we cannot support a public option in Connecticut.

First and foremost, we fear the disruption a public option will potentially cause in the current marketplace with private carriers exiting the state but in particular as it relates to jobs. The insurance industry is a significant source of employment in Connecticut. Not just for those who work in the carrier space but also for the thousands of jobs in smaller independent agencies like ours. Right now, our state is already experiencing record unemployment. We do not want to see this sector start to suffer even more due to government entering the market.

Along those lines we would like to suggest that the language that states that if enacted, administrative fees "may include brokers' fees" be changed to "shall include brokers' fees". Insurance and state employer regulations are increasingly complicated and require unique licensed expertise that agents and brokers provide. We are glad to serve in our roles advising customers and being a resource and guide for them. However, like any other business we only ask that our efforts are recognized and compensated accordingly and that we are not shut out of our profession.

As written, this bill will give the state an overwhelming advantage over private insurance companies and could directly cause certain carriers to leave the state. For example, the legislation allows the state to setup a Multiemployer participation program. However, the state prohibits the private sector from establishing Association plans even though they are allowed under federal law. In our view, this creates an unfair advantage.

We also specifically have concerns about the consequences of adding a state health insurance tax (HIT tax). Just last year the Federal government recognized the negative impact these taxes had on rates and repealed the tax on a bipartisan basis. This tax hike is in addition to the myriad of other taxes on health insurance which is directly contributing to why health insurance costs more in Connecticut. Let's be clear, if this is passed, it will cause rates to be increased on every medical, dental, vision, and possible life and disability policy written in Connecticut. This does not achieve the relief that so many of our residents need.

In addition, this legislation raises questions as to the management of the public option. To date, the state has not demonstrated the ability to manage the current Partnership Plan that has historically lost \$10s of million per plan year. A number of other states that have already attempted to establish similar programs and were forced to abandon them due to financial losses. Can the taxpayers of Connecticut afford to be the backstop for this financial risk?

Finally, while we do have many serious concerns about this legislation, we do support the filing of an innovation waiver and the creation of a high-risk reinsurance pool that has shown to reduce premiums by 12-15%. This is a proven cost reduction measure that should be implemented. However, in the current language of SB 842, only those under 200% of Federal Poverty Level (FPL) and those not otherwise eligible for a Qualified Health Plan would benefit from the reinsurance pool. We support a reinsurance pool that benefits a broad percentage of the individual health insurance population including those residents between 200% and 400% of FPL and those unsubsidized residents over 400% of FPL. In our experience these are the clients that have the greatest difficulty in affording the coverage.

Any approach to improve health insurance options for Connecticut's residents and small businesses should be aimed directly at lowering the overall cost of healthcare. It should not be adding to the financial burden of taxpayers to support new government expenditures causing further financial disadvantages to living and working in the state.

Thank you for the opportunity to submit these comments. As a significant stakeholder particularly in the small group and individual market we would be glad to provide any further information or act as a resource while you consider this legislation.