

## Insurance and Real Estate Committee JOINT FAVORABLE REPORT

**Bill No.:** HB-6712

AN ACT CONCERNING THE REMOVAL OF ASSESSMENTS ON THE

**Title:** CONNECTICUT HEALTH INSURANCE EXCHANGE.

**Vote Date:** 3/14/2023

**Vote Action:** Joint Favorable Substitute Change of Reference to Appropriations

**PH Date:** 2/21/2023

**File No.:**

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### SPONSORS OF BILL:

Insurance and Real Estate Committee  
Sen. Tony Hwang, 28<sup>th</sup> District.

### REASONS FOR BILL:

This bill will eliminate assessment fees for carriers offering qualified health plans on the exchange, require that the Insurance department conduct a study of premium reductions for health carriers offering qualified health plans on the exchange, reduce the insurance premium tax rate and require the state to fund the operating costs of the exchange. The goal of these actions will be to lower the cost for carriers and assist them in staying in the exchange to continue providing coverage to small employers. Due to the increasing work force shortages and rising premium increases, proponents of this bill argue that removing assessment fees will accomplish this goal.

### PROPOSED SUBSTITUTE LANGUAGE:

The original bill did not reduce the insurance premium tax paid by health care centers (i.e., HMOs), and did not appropriate the necessary funding for the all-payer claims database.

The proposed substitute remedies each of these issues. Section 5 lowers the tax rate for health care centers from 1.5% to 1% by amending section 12-202a of the general statutes. Moreover, the last two sections (9 and 10) of the bill appropriate \$461,000 per year for the next two years to fund the all-payer claims database. The Exchange advised OFA that this is the approximate amount of funding needed annually to support the all-payer claims database.

### RESPONSE FROM ADMINISTRATION/AGENCY:

**Office of the Healthcare Advocate, Healthcare Advocate, Ted Doolittle;** expresses concern with this bill and states that it would not limit rate increases on consumers. It is

stated that sections one and two remove AccessHealthCT's ability to levy assessments on health carriers for its own operation and the operation of the All-Payer Claims Database which in turn could erode the work these programs have done. It is further stated that section three would not fully bring attention to the issue of high deductibles and rate increases. It is also stated that section four would lessen the amount that regulators could oversee and regulate carriers and would only provide a minimum savings to consumers.

#### **NATURE AND SOURCES OF SUPPORT:**

**CBIA, Assistant Counsel, Wyatt Bosworth;** supports this bill stating that it would provide relief to small employers by eliminating all assessments and user fees levied on health carriers offering qualified health plans through the exchange and by reducing the premium tax on domestic and foreign insurance companies.

**CT Chapter of the National Association of Benefits and Insurance Professionals, Board Members, Julie Chubet and John Calkins;** support this bill stating it will reduce the premiums charged to everyone purchasing a plan on the exchange.

**Connecticut Association of Health Plans, Executive Director, Susan Halpin;** supports this bill stating that policy holders are subject to several fees, assessments, and taxes which increase their total costs and that two of those assessments, "The Exchange Fund Assessment" and "The Public Health Assessment" would be better suited for the general fund appropriation.

**Horizon Government Affairs, Vice-President State Affairs, JP Wieske;** supports this bill with a focus on Section 4 of the bill, stating that it would result in lower premium taxes for consumers. It is further stated that lower premium taxes would lower premiums overall for consumers, would increase insurance coverage in all lines of insurance, and will help make insurers domiciled in Connecticut more competitive leading to job creation in the state.

#### **NATURE AND SOURCES OF OPPOSITION:**

**Universal Health Care Foundation of Connecticut, Program Lead of Health Justice Policy Advocacy, Rosana G. Ferraro;** opposes this bill stating that it would weaken AccessHealthCT by putting the onus of funding AccessHealthCT on the state rather than insurers.

**Access Health CT, CEO, James Michel;** does not expressly state opposition to this bill but states that there is uncertainty of how the change from assessments funding Access Health CT to the state funding the organization would impact other funding methods, such as seeking grants. He further expressed uncertainty how the organization could set its own budget and plan of operations which is stated to be required for quasi-public agencies.

**Health Equity Solutions, Director of Policy, Karen Siegel, MPH;** states that the state funding the exchange rather than assessments is a poor use of taxpayer funds and that there is no evidence that enrollees on the exchange would see any meaningful savings.

**Reported by: Justin Kaiser**

**Date: 3/15/2023**