



February 26, 2024

RE: Testifying in support of House Bill 5247: AAC Employee Health Benefit Consortiums

My name is Jeff Hogan. I've worked in healthcare for over 38 years. For 35 of those years, I had the honor and privilege of working with thousands of small, medium and large group employers helping to procure and manage the health benefit plans they sponsor on behalf of their employees. I'm here today to support this MEWA legislation. Small and middle market employers in Connecticut simply don't have enough options for their employees relative to plan design and cost. Further, they don't have market leverage to contract with providers, health systems and other health services on behalf of their members. This proposed legislation gives them the opportunity to furnish more and better options on behalf of their members and it gives them the market leverage to secure value-based health services contracts. It further gives them the opportunity to develop plan reserves to limit premium increases.

Many small employers have struggled with economic and market conditions, and they find it difficult to compete against larger employers who have benefit plans that offer more options and health services features including consumer friendly digital health solutions. Despite this, all employers have a new and stronger fiduciary duty under the Consolidated Appropriations Act of 2021 to purchase and contract for health services that are 'only in the best interests of their plan beneficiaries'. This means that plan fiduciaries have personal liability for buying, designing and managing health plan offerings that are reasonable and fulfill the needs of their member population.

For many small and medium sized employers, their options are very limited. The cost associated with sponsoring health benefits for employees and their dependents generally represents the second largest expenditure that most employers make. These employers have higher fixed costs in their plans than larger employers and don't get the advantage of spreading their risk over a larger population. The solution proposed with this legislation gives employers the opportunity to secure high value coverage options for their health plan members. Detractors have suggested that the legislation proposes 'junk plans'; that is simply not true and only goes to detract from the underlying issue. Small employers and their members deserve more and better high value options and the opportunity to secure value-based health services.

The proposed legislation gives small and medium sized employers market status and leverage in the marketplace allowing them as a larger combined entity to contract for services with hospitals and other entities to create predictable costs and quality for high volume and highly repeated services like arthroplasty. Connecticut has huge variability in cost and quality between and among its predominate health systems. The proposal also includes allowing each employer to receive analytics and reporting on its own population giving transparent data around the cost and quality of services including opportunities for site of care optimization and digital health services integration.

The proposed legislation also features financial and consumer protections that include CID oversight for rating and renewal methodologies assuring that best practices are adopted for individual group participants thereby

limiting the credibility of a group's experience relative to their rates and renewals. Further, CID has agreed to capitalization requirements to ensure the financial stability of the program. All the plans that will be offered will have actuarial value comparable or better than any of the offerings in the market today. Those who are suggesting otherwise are promoting a false narrative that can't be substantiated. The facts matter. Please ask the important questions to discover the truth. For decades, employers have trusted CBIA to help them manage the problems and issues that are important to them and their employees.

Small and medium sized employers in Connecticut have often experienced year to year rate volatility necessitating they change carriers often. This is inconvenient for employers and especially for consumers sometimes causing disruption in clinical relationships because of network changes.

The proposed legislation features design which allows employers and their members to share in savings should utilization and claims not reach annual projections. These shared savings are retained by the employer on behalf of members as reserves thereby helping to mitigate annual increases and to furnish greater continuity and persistency. Further, best practice rating and renewal methodologies will have CID oversight. These methodologies limit the risk and increases for individual employers and their members.

Post Covid, around the country and recently here in Connecticut, many employers are beginning to focus on value-based healthcare options for their members. Value based healthcare requires that employers be concerned with optimizing the outcomes of services for their members. It also assumes maximum accessibility for members to providers, health systems and virtual health assets and demands that the providers of care furnish predictable costs and quality for the services they deliver. In addition, most value-based arrangements also demand consumer focused features including patient reported outcomes and net promoter scores effectively grading how patients were treated in their episodes of care. Please note that there is specific language in this bill that promotes the utilization of value-based healthcare features. In Connecticut, the state of Connecticut employee health plan, managed through the Comptroller's Office has been a leader in this space effectively creating plan designs that promote value-based care and infrastructure. Other employers like Stew Leonard's have adopted these strategies thereby reducing employee/dependent cost share and also reducing deductibles for members while increasing member satisfaction for their plans and benefits.

Employers and their employees desperately want and need more and better options for healthcare. This legislation creates a means for gaining greater market credibility and strength for all small and medium sized employers who participate. Further, as more employers enter; the overall entity's fixed costs for administration and other components go down, causing the solution to become even more valuable. With strong financial and regulatory oversight provisions, employers and consumers have excellent protections. This is good for employers and their members, and I urge you to support the legislation.

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