Act Number:	09-147 Vetoed	
Bill Number:	6582	
Senate Pages:	4802-4880, 6618-6625	**87**
House Pages:	5099-5469, 10946-10957	**383**
Committee:	Human Services: 1253-1256 Insurance: 1963-1985, (1985-1986), 1987-2015, 2058-2064, 2069-2074, 2076-2130, 2138-2142 Public Health: 1423, 1434, 1435	**134**
	Page Total:	**604**

S – 591

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30, 2009, Favorable Reports, Calendar Page 16, order of the day, Calendar Number 675, File Number 259 and 95, Substitute for House Bill 6582, AN ACT ESTABLISHING THE CONNECTICUT HEALTH CARE PARTNERSHIP as submitted by House Amendment Schedule A, Favorable Report of the Committees on Insurance, Planning and Development, Appropriations and Public Health. Clerk is in possession of Amendments.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Thank you, Mr. President.

Mr. President, it was ironic that the Clerk in his announcement stated that this is a historical day. And no were true words were ever spoken. Mr. President, members of the circle, there is a quote by Emerson that states, "Do not go where the path might go. Go instead where there is no path and leave a trail." Mr. President, members of the circle, for several years now, we've been trying to come --

THE CHAIR:

Senator Crisco, excuse, me, very eloquent, but could you, you know, could you move the Bill, sir, so we can get it going. There's a whole --

SENATOR CRISCO:

I can't, Mr. President.

THE CHAIR:

You can't do that, sir.

SENATOR CRISCO:

I'm sorry.

THE CHAIR:

Then why don't you have a seat and then stand up and do it again. Okay, go ahead, sir.

SENATOR CRISCO:

I'm sorry. I thought -- I thought I moved the Bill, but I move that we accept the Joint Committee's Joint Favorable Report and passage of the Bill in concurrence of the House. I thought I said that.

THE CHAIR:

That's quite alright, sir. It's late in the day. Acting on acceptance and approval of the Bill, sir, would you remark further.

SENATOR CRISCO:

Yes, Mr. President. To be somewhat redundant, the Clerk of the House did say a very important -- gave a very important message about this being an historical day because more than that, this is an historical day because of the two Bills that we are

going to act upon. For several years, we've been trying to come up with a solution to our problem of uninsured and underinsured. We've looked at many particular proposals.

But as I stated before, Emerson quoted once that "Do not go where the path may go, go instead where there is no path and leave a trail." Mr. President, I contend that we are beginning the building of that trail. The two Bills that we are acting upon today are very historical. And they really should be on the front page of the newspapers tomorrow and maybe it won't. But I just wanted (inaudible) to know that I'd gladly give up any front page stories about myself to this historical event.

House Bill 6582 -- that went by like a lead balloon -- House Bill 6582, AN ACT ESTABLISHING THE CONNECTICUT HEALTH CARE PARTNERSHIP, would open the State Employee Health Plan to nonprofits, small businesses with less than 50 employees and municipalities on a completely voluntary basis. This would allow small businesses, nonprofits and municipalities to have access to the high quality, affordable benefits that State employees, Legislators, and the Governor currently enjoy. These employers

would also be able to take advantage of the increased bargaining power at reduced administrative costs associated with the State plan which really conclude -- includes some 200,000 employees, dependants and retirees.

As a result of negotiating with the State's health care vendors, the State plan premium did not contain a rate increase in 2009. Many small employers and nonprofits would provide this level of benefits if it were available at the marketplace for an affordable price. And let me repeat that, Mr. President, and members of the circle, particularly nonprofits. We all know from our experience that the budget constraints have been somewhat disheartening for nonprofits. This will give the nonprofits an opportunity to make up some of the losses that they have experienced in regards to operations.

The State Employee Health Plan has been providing good benefits to our employees while keeping cost increases to a minimum. And this is in large part due to the efforts of the State's Health Care Cost Containment Committee. Let me repeat that. This is really attributed to the State's Health Care Cost Containment Committee which will continue, which will

continue to oversee the plan under this proposal.

Last year there was a bill and it was met with a lot of enthusiasm for everyone. But unfortunately, it was a different structured bill than this one and it did not enjoy complete passage. Our State has experienced many economic and fiscal changes in the past year creating an even greater need for this legislation. And when you really looked at it objectively, Mr. President and members of the circle, this proposal is an economic stimulus.

Making these benefits available will provide relief to municipalities who struggle with higher health care costs every year helping to offset local property taxes. It would also provide financial relief to the enterprises our State and our economy rely on, allowing them to provide their employees with good health care at a good price, stretch their dollars further and eventually attract talented people and growth to their organization.

This would doubly assist in many nonprofit providers the State contracts with for health and human services which is, as I mentioned before, have gone without adequate cost of living rate increases for several years. It will allow the State to better

deal with health care costs of nonprofits with State contracts directly without expecting them to absorb increases in health care without increases in their payment rates.

And the major plan, the major difference from last year to this year's proposal is self-insuring the State employee plan. The Bill will switch the State plan from fully insured to self-insured with agreement between the State employees and the State. The State will pay the actual medical claims that they accrue through a third party administrator under administrative service only agreement. This will allow the State to more closely manage the plan and address high utilization through prevention and wellness initiatives but within and outside the scope of health insurance.

The third party administrator would be an insurance company with provider network. Plan and members, that is employees and dependants, will have an insurance card as they do now and doctors and providers will submit claims to the insurance company who will bill the State for the service. And looking at it from a fiscal perspective, by switching to a self-insured plan, the State will see immediate

savings approximately equal to two months of premium costs and all favorable reports that this will be at least $70 million. The savings are reflected already in the budget that was approved out of Committee.

The savings is a result of the natural transition from a fully insured to a self-insured plan. Remember, Mr. President, members of the circle, under a fully insured plan, the premiums which include a risk service charge for the insurance provider are paid up front. However, a self-insured plan only requires payments for actual claims. Let me repeat that. A self-insured plan only requires payment for actual claims after they've been incurred. Once insured, self-insured, the State can take advantage of federal stimulus dollars aimed at prevention. Otherwise, these savings may go to insurance carriers.

Under a self-insured plan, the State will not incur risk from its insurance companies, an estimated savings of 10 to $20 million annually. A self-insured plan will allow the State to see long term savings by directly managing the medical claims and health service utilization. The State will be able to create true incentives for healthy lifestyles and use scientific data for case management that provide

direct savings to State funds. Utilization can be monitored closely.

Recently, David Osborne, an expert in budget and improving government performance, who had visited the Capital several times advised the Governor and the Legislature on budget issues, strongly advocates for states to create health care purchasing pools including both public and private employees to contain health care costs and improve qualities. Governments are such large players in the health care marketplace that health care plans try to become more efficient to compete for their business.

Nine of the ten largest municipalities in the State, Mr. President, members of the circle, are self-insured. Connecticut's largest employers are self-insured -- United Technologies, Foxwoods, Walmart, General Dynamics, Electric Boat and ATT. And also, Mr. President, members of the circle, 51 percent of people in Connecticut who have employers' sponsored insurance receive it under a self-insured plan. And we are not setting the initial march on this. Twenty four other states allow local government employees access to their State employee plans. Currently, several states are considering expanding access to

other groups such as businesses and nonprofits. And these states are New Hampshire, New York, Iowa, Wisconsin, and Washington State.

So, Mr. President, members of the circle, we are really creating a trail to try to achieve that ultimate goal of making sure that insurance is affordable and accessible to the people of Connecticut.

Thank you, Mr. President.

THE CHAIR:

Thank you, sir. Will you mark further on House Bill 6582?

Senator Caligiuri.

SENATOR CALIGIURI:

Thank you, Mr. President. Good afternoon.

THE CHAIR:

Good afternoon, sir.

SENATOR CALIGIURI:

If I may through you, I have a few questions on the Bill to Senator Crisco.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Mr. President, yes, that is acceptable.

THE CHAIR:

Please proceed.

SENATOR CALIGIURI:

Thank you, Mr. President.

I appreciate Senator Crisco's thorough summary of the Bill and I'd like to start by just asking him a few questions that go to the heart to some of the concerns that I have about the Bill.

I understand full well that self-insurance is an approach that works well and that many large entities self-insure. One of the issues that I have with this legislation and it relates to my first question to Senator Crisco is whether this is, in fact, really, truly self-insurance. It's one thing for the State to self-insure itself and its member entities and, in fact, we know in the past that the State did self-insure. But when we come in and we bring in outside groups that are not related to the State of Connecticut, namely nonprofits, small employers even municipal entities, I question whether, in fact, the State is truly self-insuring or it has become an insurer the way we think of insurers in the more traditional sense of the term.

And so my first question, Mr. President, through

you, is is this truly self-insurance in Senator Crisco's view or are we going beyond that to actually functioning as an insurance company, that is the State of Connecticut. Through you, Mr. President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Mr. President, through you to Senator Caligiuri.

It's all, I believe, in the eyes of the beholder. But, basically you may have pure self-insurance and you may have a hybrid self-insurance. I believe that this is a hybrid self -- in my personal, you know, view point. This is a hybrid self-insurance and while we are not becoming an insurance company because we have a third party administrator that if we are to address the concerns of small business, municipalities, nonprofits, this is the best way to come up with a solution.

THE CHAIR:

Senator Caligiuri.

SENATOR CALIGIURI:

Thank you, Mr. President. I appreciate Senator Crisco's response. A follow up question is is Senator Crisco aware of an entity that self-insures which also

permits entities, institutions or individuals not related to that entity to participate in their self-insurance program. Through you, Mr. President.

THE CHAIR:

Senator Caligiuri.

SENATOR CRISCO:

Yes, no.

THE CHAIR:

Senator --

SENATOR CRISCO:

I'm the one without the hair. Remember?

THE CHAIR:

Yes, there you go. (Inaudible) Senator Crisco.

SENATOR CRISCO:

Yes, Mr. President. Mr. President, through you to Senator Caligiuri. As I mention, there are at least five other states that are looking to expand their self-insured plan to entities beyond state employees and that's basically my knowledge of what exists at the present time.

THE CHAIR:

Senator Caligiuri.

SENATOR CALIGIURI:

That you, Mr. President. I appreciate that

answer, but at the risk of putting too fine a point on this, it sounds like Senator Crisco said he's aware of states that are considering doing so, but he's not aware of any institution that is currently self-insuring which permits nonrelated entities to participate in that self-insurance program. Is that accurate? Through you, Mr. President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Thank you, Mr. President. Through you, to Senator Caligiuri. That is correct. But somebody has to start an initiative and we're very proud that Connecticut is first line to start this initiative.

THE CHAIR:

Senator Caligiuri.

SENATOR CALIGIURI:

Thank you, Mr. President. I -- I appreciate that and I appreciate that Connecticut is often a leader. And frankly, in this case, I ask the question not so much because I question whether we ought to be in the forefront, I ask the question more because one of the concerns that I'll be talking about later is whether, in fact, this plan makes Connecticut an insurance

company in the traditional sense of the term.

If you look at the definition of an insurer in the Connecticut General Statutes in 38a-1, if memory serves, an insurance company is someone who accepts risk from a third party in exchange for consideration and when the State of Connecticut chooses to assume risk from an unrelated third party, namely private sector employers, not for profit organizations, even municipal entities.

But even if you set those aside, and would assume for the sake of discussion that they are related to the State -- private employers, nonprofit organizations, my concern is that Connecticut is actually becoming an insurance company. And that has some serious repercussions and that was the reason why I was asking Senator Crisco this first set of questions.

My second line of questioning, and it should be my final line for now, is the Bill as it did last year, although there are slight modifications in the version that is before us currently, will have the Comptroller send an application for admission of a partial group to a health care actuary for a review of the financial impact, and I'm summarizing, of the

admitting of that partial group in the State plan or into the self-insurance plan. My question, through you, Mr. President to Senator Crisco, is why not have that actuarial review of the cost for every applicant to come into the program and not just partial entrance? Through you, Mr. President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Thank you, Mr. President. Through you, to Senator Caligiuri.

First, let me respond completely to Senator Caligiuri's concern about the State becoming an insurance company. If you were to look at all the functions of insurance company, the State does not qualify to be considered an insurance company. We don't have provider networks. We don't have many of the attributes that an insurance company has. I just wanted to make that clear.

Number two, in regards to his question for the actuary to look at partial applications, the purpose of the actuary and to review partial applications is to make sure there's no adverse impact upon the self-insured plan; to make sure that those who are seeking

admission are not taking advantage of the State plan to literally dump their poor risk into the plan. So there may be a situation where the early indication of this could be qualified by an actuarial and to look at every applicant I think, you know, is not necessary. And I would assume that if for some reason the Comptroller has any indication of negative impact upon the plan, then I would think that she would look at certain applications, not only partial applications.

THE CHAIR:

Senator Caligiuri.

SENATOR CALIGIURI:

Thank you, Mr. President. And I appreciate that response. I would just note and perhaps I'm missing something, but when I review the legislation before us, the Comptroller only has the authority to reject a group or an applicant, if it is a partial applicant group. And the fact is that the health care actuary indicates that there would be a disproportionate shift of the risk to the State of Connecticut. So as I read the legislation, the Comptroller does not have the authority to reject every application, but only those applications for partial admission where the actuary comes back with that adverse determination. Through

you, Mr. President, is that correct?

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Mr. President, thank you. Through you, to Senator Caligiuri. I do stand corrected. But there should not be adverse, you know, impact if a whole group comes in. Senator Caligiuri is correct. The Comptroller would only look at partial applications to make sure there's no adverse impact upon the plan. But, if there seems to be a problem in the future, I'm sure the Legislature could address it.

THE CHAIR:

Senator Caligiuri.

SENATOR CALIGIURI:

Thank you, Mr. President. And I appreciate that response from Senator Crisco. I suppose my final question for now is why wouldn't we want to do this review for every single applicant. Why wouldn't we, as a matter of policy, want to make sure that every single application that comes in is not one that's going to result in a disproportionate shift of risk, and therefore, cost to the State of Connecticut. Why is it a matter of policy? Isn't that something we

would want to do with every application? Through you, Mr. President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Mr. President, through you, to Senator Caligiuri. I think if Senator Caligiuri would take a minute to look at the entire spectrum of risk throughout the State. Whether it's a private plan, a self-insured plan, a municipal plan or another plan, the demographics basically are the same throughout the State. You may have some risks that are -- are greater than others so taking that in consideration, you will not be experienced to adverse selection if you do not review those who apply with a full -- the full -- full application.

THE CHAIR:

Senator Caligiuri.

SENATOR CALIGIURI:

Thank you, Mr. President and I appreciate Senator Crisco's responses. And I would just say that even he's true for the sake of argument, I still think we're better off as a State if we take the additional precaution and have that actuarial review of every

application. I would love to be proved wrong. I would love to be proved wrong that most of these applications will not, in fact, result in a certain amount of adverse selection. But the only way we're ever going to be sure of that is if we do this review on every application. And so while I appreciate Senator Crisco's responses, I feel that we would be better as a matter of policy if we did that review for every application. But for now, Mr. President, I'm done with my questions and I thank Senator Crisco for his responses and you for your indulgence. Thank you, Mr. President.

THE CHAIR:

Thank you, Senator Caligiuri.

Senator Debicella.

SENATOR DEBICELLA:

Good afternoon, Mr. President.

THE CHAIR:

Good afternoon, sir. How are you today?

SENATOR DEBICELLA:

I'm doing just fine. Thank you.

THE CHAIR:

Glad to hear that.

SENATOR DEBICELLA:

Mr. President, today I stand in strong opposition to this Bill which makes some fundamental assumptions that are incorrect that will only result in two things.

First, is a massive risk to the taxpayers of the State of Connecticut which could result in tens of millions of dollars of increased taxes. And two, is higher costs for health care for those who want to be part of this plan. And let me explain why.

By combining self-insurance in pooling, what we've essentially done is to say that the State will take on bad risks and instead of shifting those risks to a private health insurer, we'll take them on ourselves. So let me break that down into each of those components.

First, what every freshman in college learns in Econ 101 is adverse selection which is the theory that those people who are the riskiest will be the most likely to join this pool. Why? Well first off, the State health care plan which we are opening up, is a gold plated health plan. So anyone who has and the vast majority of municipalities and nonprofits and small businesses out there, already have lower cost of health care. So they're not going to join the plan.

Who will join the plan are those with higher health care costs than are already gold plated State employee health plan. That is probably 10 to 20 percent of the population.

Now, you have to ask yourself, Mr. President, why are they paying higher health care costs especially because some of them are very small -- small pools from small towns or small businesses of maybe 10 or 20 employees. Their health care costs are high because the individuals in there are high risk. They have a lot of health care claims. They're expensive. Those are the people who are going to be joining this pooling Bill. Now, that's bad enough. Now combine that with self-insurance. And say rather than the system we have now where our health care costs are capped; where we had a zero percent increase in our health care costs in 2009 because of the deal we have with our three health care providers.

Now, we're going to self-insure which means the State will actually take on all the claims ourselves. So now we're going to take on all the bad risks that are out there who are paying higher health care costs than the gold plated State plan. And instead of passing that on to a private insurer, we're going to

pay for it ourselves.

So what are the results of that? Well, first Mr. President, we are going to see the taxpayers assuming the risk for the worst risks in the health insurance industry. That could result in tens of millions of dollars of claims from the riskiest pools of clients that the taxpayers are going to pay. Second, Mr. President, is it's going to result in higher costs for those who join the plan. Because, guess what, as the State starts to see that, wow, we have what insurance -- what in insurance is called a combined ratio which is the ratio of the claims you have to the premiums you take in. That's above 100 percent. In other words, we are going to be paying out more in claims than we're taking in -- in premiums. Well, guess what, the State's going to be tempted to raise the premium. And to raise the cost on all those small businesses and all of those municipalities who joined this plan.

And, Mr. President, that is the fundamental issue with this. Is -- this Bill is very well intentioned but not very well thought out. It will have the exact opposite effect of what the proponents have proposed.

In addition to that, Mr. President, there are

other facts that are ancillary to that main argument that are problems with this. We create in the Appropriations Committee budget no reserve for claims. The estimates are we need $100 million in reserve just for six weeks of claims. So, a lot of State workers out there who are going to be submitting claims, you may have a long delay in getting them because we have no reserve. They'll all be paid, but it might take you six months to get the claim actually paid.

Additionally, Mr. President, there's no reinsurance in this. Most people -- most large companies that reinsure out there have reinsurance where they actually take the risk and reinsure it with another company who assumes that risk. There's nothing like that in here. The taxpayers bear all the risk.

Therefore, Mr. President, because this Bill, while well intentioned, will have the opposite effect of the proponents, I'd like the Clerk to call LCO 8594.

THE CHAIR:

Mr. Clerk. 8594, sir?

THE CLERK:

Let me double check, Mr. President. I believe

that's correct. Yes, Mr. President. 8594.

THE CHAIR:

Thank you, sir.

THE CLERK:

LCO 8594 which will be designated Senate Amendment Schedule A is offered by Senator Debicella the 21st District, et al.

THE CHAIR:

Senator Debicella.

SENATOR DEBICELLA:

Thank you, Mr. President. I move the Amendment and ask permission to summarize.

THE CHAIR:

There's a motion by the Senator for summarization and movement of the Amendment without objection. So ordered, sir.

SENATOR DEBICELLA:

Thank you, Mr. President. Mr. President, this Amendment quite simply strikes Sections 2 through 22 which is the pooling aspect of this Bill and would leave the self-insurance aspect intact because self-insurance by itself is not a bad idea. Lots of large companies do it. The dangerous part comes in when you combine the self-insurance with the pooling.

So, Mr. President, I think I've made the argument for this Amendment in saying that the adverse selection that comes from pooling, if we take that away I believe that self-insurance is something we can consider. But the combination of the two is going to be toxic for our taxpayers and for those municipalities and small businesses who join the plan.

I urge adoption of the Amendment.

THE CHAIR:

Thank you, sir.

Senator Crisco.

SENATOR CRISCO:

Thank you, Mr. President. I appreciate Senator Debicella's concern, but I would ask that the circle reject his proposal.

Pooling works very well. And in regards to the Amendment, I think it's important, you know, Senator Debicella mentioned this adverse selection. Academically, you know, he may be correct in some areas. But, in reality, I wished that he would look at the community based rating law that prevails in the State of Connecticut that uses five doctors for rating small employers. Those will continue under this health care partnership Bill. And not only that, I

mean, if there is foresight that we should be extra cautious, the Comptroller could also purchase reinsurance whenever she decides that it's necessary. In addition, in regards to the reserves, remember that when the plan goes into effect, we -- the Comptroller is charging premiums so we are building up adequate reserve.

And for all those reasons, Mr. President, I ask that the circle reject this and we have a roll call.

THE CHAIR:

A roll call vote will be ordered, sir.

Senator Witkos.

SENATOR WITKOS:

Thank you, Mr. President. I rise in support of the Amendment. I think this is the proper way to go about moving the State insurance plan into a self-insured plan. I know we were there once before approximately 12 years ago. I think we've got a better handle on our claims. If we move it back to a self-insured plan, let's keep it with the pool that we've identified based on factual -- on facts, and those facts being the type of claims that have already been put forth by the State employees. We have the history behind that. So we know exactly what we can

anticipate from the people that are already included in the plan so we can budget accordingly.

If we didn't strike these sections that would open up the plan to -- could be tens of thousands of additional participants. But we don't know any type of claim history. I think by moving this -- moving this adoption, it speaks to other parts of the Bill where I had some concerns as well. It removes a section of the Bill which says that only the State would have the ability to levy the type of benefits that are in the plan whereas right now a municipalities control and individual employers control the type of benefits that that plan has offered. And once they become members of the plan, those municipalities or business owners would no longer have control over the type of benefits. They just have to pay for them. And I -- I think that personally as a -- if I were a business owner or a manager of a municipality I would certainly want to retain that control. So I think this is the proper way to go.

Let's start off -- let's take a look at again how we're doing managing the plans. We know we pay $70 million a month for our -- currently for our premiums.

Well, that $70 million, let's see if it goes for the first two or three or four months going into to pay the claims that the current State employees would realize as they continue with their health care costs. I -- I think going -- this is a proper means to obtain baby steps towards getting possibly the ultimate outcome that we all want. But I think that we need to do this on a step by step basis. I think that we need to basically slowly -- slowly move in the direction that I think we want to go. And I would urge adoption of the Amendment.

Thank you, Mr. President.

THE CHAIR:

Thank you, sir. Will you remark further on LCO 8594 designated Senate A?

Senator Frantz.

SENATOR FRANTZ:

Thank you, Mr. President.

I think we all -- I rise in favor of the Amendment. I think we're all very much keenly aware of our health care insurance cost problems in the State of Connecticut and it's endemic throughout the entire country so I applaud the effort to move towards a good solution, a sensible solution to -- to this

challenge. And this Amendment, I believe, takes us in that direction. However, given that State's history in -- Mr. President -- in this field of self-insurance, I have three very simple questions for Senator Debicella.

THE CHAIR:

Senator Debicella.

SENATOR FRANTZ:

Senator Debicella, did you anticipate in this Amendment having a reserve fund?

THE CHAIR:

Senator Debicella.

SENATOR DEBICELLA:

Thank you, Mr. President.

The Amendment actually takes away the pooling aspect of the underlying Bill. It does not change anything in terms of the self-insurance part of the Bill.

THE CHAIR:

Senator Frantz.

SENATOR FRANTZ:

Thank you. And did you anticipate in this Amendment when you were constructing it a level of reinsurance given that we're self-insuring going

forward.

THE CHAIR:

Senator Debicella.

SENATOR DEBICELLA:

I'm sorry, Mr. President. I couldn't quite make out the middle of that question.

THE CHAIR:

Senator Frantz can you repeat your question please?

SENATOR FRANTZ:

Yes. Did you anticipate in the creation of this Amendment having a level of reinsurance on top of self-insurance?

THE CHAIR:

Senator Debicella.

SENATOR DEBICELLA:

Thank you, Mr. President. As I said, the Amendment only strikes out the pooling section of the underlying Bill. It doesn't change Section 1 which has to do with the actual self-insurance. Although if Section 1 were -- if this Amendment were to pass and Section 1 were to go forward, we would need to do both of the things the Senator has mentioned; both establish a reserve fund and do reinsurance to try to

mitigate the risk. Through you, Mr. President.

THE CHAIR:

Senator Frantz.

SENATOR FRANTZ:

Thank you and finally, third party administrator -- you would -- you would use the services of a third party administrator to administer the plan. Is that correct?

THE CHAIR:

Senator Debicella.

SENATOR DEBICELLA:

Through you, Mr. President. That -- that would be correct under Section 1 is -- I highly doubt that the State would want to get in the actual business of administering claims. We would likely contract with third parties. Very likely the same companies who are actually providing the health care that we have right now. Through you, Mr. President.

THE CHAIR:

Senator Frantz:

SENATOR FRANTZ:

Thank you, Mr. President.

And, through you, Mr. President, I cannot emphasize enough the whole idea of the concept of a

reserve fund and I'm happy to hear that Senator Debicella has anticipated that. Senator Crisco earlier said with respect to the underlying Bill that a reserve fund would be set up in the future. This is such an important concept that I will make the statement that it's completely or close to completely irresponsible to set up a plan that doesn't have a reserve fund going into it. And that's based on history not only here in Connecticut but I believe in other states as well.

Thank you, Mr. President.

THE CHAIR:

Thank you, sir. Will you remark further on Senate A?

Senator Boucher.

SENATOR BOUCHER:

Thank you, Mr. President.

Mr. President, a question for the proponent of the Amendment through you, please?

THE CHAIR:

Senator Debicella.

SENATOR BOUCHER:

Mr. President, could the proponent explain, once again, how the removal of the pooling aspect of this

will make the underlying Bill more acceptable.

Through you, Mr. President.

THE CHAIR:

Senator Debicella.

SENATOR DEBICELLA:

Yes, thank you, Mr. President. Through you, to Senator Boucher.

Essentially by taking out the pooling aspect of this, what this will say and I think Senator Witkos said this very well, is that the pool that we know right now, the State employees, would be the group that is self-insured. The State actually has a pretty good handle on the risk assessment of that pool. We understand what the claims pattern is.

By opening the State employee health plan up to municipalities, not for profits and small businesses, the only ones who would join the plan are those with higher costs than our already expensive State plan which is upwards of $20,000 for a family. And so because only the bad risks would join plan, it would create more claims in the self-insurance process and, therefore, create a risk to the taxpayer and a risk of the State having to raise premiums to cover those additional claims. Through you, Mr. President.

THE CHAIR:

Thank you, sir. Senator Boucher.

SENATOR BOUCHER:

Thank you, Mr. President. Then, through you, Mr. President, does the proponent feel that by -- by the passage of this Amendment we could prevent a higher cost to the State in their current health care package that they have and eliminating some of the risks that the underlying Bill might propose. Through you, Mr. President.

THE CHAIR:

Senator Debicella.

SENATOR DEBICELLA:

Through you, Mr. President. Senator Boucher is exactly correct.

THE CHAIR:

Senator Boucher.

SENATOR BOUCHER:

Thank you, Mr. President. I thank the proponent for his answers. I think this is a very important Amendment, one that could actually make the underlying Bill much more successful through the process. I share his concerns that by adding and changing the pool which is really the basis for which insurance

companies really give us a cost that they can put in a contract that can actually be effective through the life of that contract, this is a very, very necessary amendment. I would support it.

I also further share the concerns that were just enumerated by the distinguished State Senator from Greenwich where the proponent of the underlying Bill did respond that -- to a question that was asked that possibly if reinsurance was necessary, it could be done in the future. I believe that that is a dangerous and risky proposition. We only have to look to our current drug program in the State that is self-insured that is very expensive, routinely over budget, much more expensive than anyone thought. And in pursuing a program of any type, reinsurance should not be an afterthought. It needs to be thought of and implemented at the start of any good, solid, sound plan. Thank you, Mr. President.

THE CHAIR:

Thank you, ma'am. Will you remark further on Senate A?

Senator Guglielmo.

SENATOR GUGLIELMO:

Thank you, Mr. President. I -- I also support

the Amendment. As Senator Debicella said, the Bill does two things. It changes the plan from a fully insured plan to a self-insured plan. But if I understand it right, we're not quite sure what type of self-insured plan. We're not sure if we're going to have reinsurance or not. Well, maybe I better ask that that. Through you, Mr. President, to Senator Debicella. Is there any reinsurance component in the first part of the Bill?

THE CHAIR:

Senator Debicella.

SENATOR DEBICELLA:

Through you, Mr. President. In Section 1 there is no explicit reinsurance part. My hope would be based on the debate and Senator Crisco's questions, that if Section 1 were to go forward, that we would get reinsurance. It would be very foolish not to. Through you, Mr. President.

THE CHAIR:

Senator Guglielmo.

SENATOR GUGLIELMO:

Thank you. Thank you, Senator Debicella. Thank you, Mr. President. See, that concerns me right away because then we have a totally open ended proposition.

I've sold some of these. Not anything near as big as this or with as many employees. But what you generally do is you box in your risk and you have a cap on a per claim basis so no single claim can go above a certain amount. And then you have a cap on the aggregate. And those are the kind of things we need to know now whether we're going to do that or not. Secondly, no one so far -- I'm assuming we're going to use a third party administrator.

Through you, Mr. President, to Senator Debicella. Are we using a third party administrator to handle the claims?

THE CHAIR:

Senator Debicella.

SENATOR DEBICELLA:

Through you, Mr. President. I would assume so. That's not explicit in Section 1 but, again, I can't imagine the State getting into the business of processing the claims ourselves. Through you, Mr. President.

THE CHAIR:

Senator Guglielmo.

SENATOR GUGLIELMO:

Through you, Mr. President. I don't know maybe

the question should go to Senator Crisco. But do we know the cost of the third party administrator? Do we have any idea?

THE CHAIR:

Senator Debicella.

SENATOR DEBICELLA:

Mr. President (inaudible) better question for Senator Crisco on the underlying Bill.

SENATOR GUGLIELMO:

If I could redirect the question then, Mr. President, to Senator Crisco?

THE CHAIR:

Senator Crisco. Senator Guglielmo, could you repeat your question for Senator Crisco, please? He's ready sir.

SENATOR CRISCO:

Mr. President, I -- I don't think the Senator heard --

THE CHAIR:

Yes, Senator Guglielmo, I'm sorry. Could you repeat your question for Senator Crisco?

SENATOR GUGLIELMO:

Yes, sure. Thank you, Mr. President. I just wanted to know if we had a cost estimate for the use

of the third party administrator?

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Mr. President, through you, to Senator Guglielmo. The cost should be less than they presently are as an -- you know for an administrator. That (inaudible) that the information I received that the cost would be much less.

THE CHAIR:

Senator Guglielmo.

SENATOR GUGLIELMO:

Okay. So then we're not going to handle these claims ourselves with our own employees. We're going to hire through you, Mr. President, someone else that would handle those.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

That is correct, Mr. President.

THE CHAIR:

Senator Guglielmo.

SENATOR GUGLIELMO:

But we don't know the cost of that. Is that

correct?

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Now there is historical experience with our present plan and an analysis of implementing the pooling process. You are saving more dollars in regards to the pooling concept that you would if you did not -- if you had a fully insured plan.

THE CHAIR:

Senator Guglielmo.

SENATOR GUGLIELMO:

Well, that's all the questions I have for now, Mr. President. I -- I think I'll more later, but thank you.

SENATOR CRISCO:

Mr. President, may I ask. There seems to be a extra increase in volume and it's very difficult to hear my colleagues. I don't know if I aged over one night but the volume factor seems extremely high. And if that's so, could it be corrected?

THE CHAIR:

I thought we were just hearing better. But, can we just adjust the volume a little bit lower? Okay,

that's perfect. I can hear everything now.

Will you remark further on Senate A? Will you remark further on Senate A? If not, Mr. Clerk, please call for a roll call vote. The machine will be open.

THE CLERK:

Immediate roll call has been ordered in the Senate. Will all Senators please return to the Chamber? Immediate roll call has been ordered in the Senate. Will all Senators please return to the Chamber?

THE CHAIR:

Have all Senators voted?

If all Senators have voted, please check your vote. The machine will be locked. The Clerk will call the tally.

THE CLERK:

Motion is on adoption of Senate Amendment Schedule A.

Total number voting	33
Those voting yea	11
Those voting nay	22
Those absent, not voting	3

THE CHAIR:

Senate Amendment A fails.

Senator Kissel.

SENATOR KISSEL:

Thank you very much, Mr. President. Good afternoon.

THE CHAIR:

Good afternoon, sir.

SENATOR KISSEL:

At the outset, I -- I want to state that I don't have any inherent opposition to the notion of pooling when it comes to utilizing our State insurance pool. I freely acknowledge some fundamentals though we start thinking about legislation going down this path.

First of all, it's been related that we have a gold plated plan here in the State of Connecticut as State employees. And I think without a doubt, we do. In fact, if you compare the State of Connecticut plan with major employers in the State of Connecticut -- Fortune 500 corporations -- the State of Connecticut health care plan is better than the best health care plans offered to the rank and file employees of many of those Fortune 500 corporations.

Also, I know how important this issue is to so many people here in the State of Connecticut. I know in the last campaign cycle, I filled out

questionnaires saying that fundamentally, I do support the notion of pooling. And also during debates, I'm not inherently against the notion of pooling. But I do have some concerns regarding this particular piece of legislation that I had no hand in drafting.

Just for my own edification one time, I was Googling my name or actually searching my name to see if it came up in any court decisions. That was in the context of our legislative histories here in the State Senate and it just occurred to me that I wonder if any of the debates and colloquies that we have here in the circle over the years actually make it into legislative history and some of our Superior, Appellate or Supreme Court decisions. And I stumbled upon at least one and maybe more that had to do with some legislation that I had the pleasure of bringing out many years ago regarding some fairly complex matters regarding the Second Injury Fund.

And what that indicated to me was that back then in the 1990's we had problems which -- with what was called the Second Injury Fund basically running out of money. And we had to come up with a legislative compromise and proposal to try to back us out of that entire situation. So, that is predicate for some of

my questions and, Mr. President, I have some questions through you to Senator Crisco.

THE CHAIR:

Senator Crisco. Please proceed, sir.

SENATOR KISSEL:

Thank you very much, Mr. President. First of all, regarding the notion of pooling, I understand that if all things are being equal and you expand the pool, you should drive down the risk because you'll have a wider pool. But, it's my understanding that we've actually been trying to do this for a number of years. And, just so I can put what we have before us in context, MEHIP and MEGA MEHIP, the Municipal Employees Health Insurance Pool, and then we followed that up with what's called MEGA MEHIP, and I'm just wondering those were touted at time as something that would bring in municipalities, spread the risk and that there would be a lot of buy in. And I'm just wondering what's happened to those programs that would necessitate us moving forward with this particular legislation. Through you, Mr. President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Yes, Mr. President. Through you, to Senator Kissel. There are, you know, MEHIP and MEGA MEHIP, has been working and if you read some of the write ups on the health care partnership, there's always a possibility that the Comptroller will had MEHIP and MEGA MEHIP to the entire pool. But, any new it takes a while to succeed and grow and I think it's, you know, it's just too early to give anything definitive in regards to MEGA MEHIP (inaudible).

THE CHAIR:

Senator Kissel.

SENATOR KISSEL:

Okay, thank you. That raises some concerns regarding the pending legislation because if we already have some pooling entities out there and we have to give them time then why aren't we giving them time before we start moving in another direction.

I have one other brief question and then I'm looking forward to more of the debate and that has to do with my reference earlier to the Second Injury Fund and trying to unwind that because the liabilities were so skewed. We didn't have the dollars. And I'm really concerned about this as it was characterized by Senator Guglielmo because he's the guy that I look to

when it comes to so many of these insurance issues as well as Senator Caligiuri, the ranking member on the Insurance Committee. But the way this has been formulated to my mind is that by allowing municipalities an option that through adverse selection that the -- the municipalities that have the worst ratings and have the worst problems will end up going into this open pool first thereby polluting or poisoning the pool and driving up costs, whereas, the other municipalities may shy away.

And my concern is, is there any mechanism to unwind this or pull out of this if the State finds that it's got a problem and that the liabilities are escalating to the vast detriment of our citizenry and we decide it was a nice idea, but it backfired and the problems are -- are vast. Is there any unwinding mechanism or back out mechanism or mechanism where we can turn back the clock if indeed my concerns actually come to fruition?

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Mr. President, through you, to Senator Kissel. I'm not aware that the workers' comp insurance program

is part of the health care partnership. And I can stand corrected, but to my knowledge it is not.

THE CHAIR:

Senator Kissel.

SENATOR KISSEL:

I'm sorry, what I -- what I mean -- what I'm saying is that there were some issues in the early 1990's where certain aspects of our insurance plans in the State of Connecticut were unfunded or poorly funded and liabilities were vast. And Senator Guglielmo and I had discussions regarding this. In fact, there was an investigation through a program review and investigations regarding this where the State lost tens and tens of millions of dollars.

And my concern is, is that if this Bill passes and becomes law and we find in two, or three or four years that the amount of liabilities are vast compared to what we thought would occur, is there a provision in this statute that would allow for us to take a step back and unwind this or will we have to try to come to terms with that and maybe be on the hook for tens, if not hundreds of millions of dollars down the road. Through you, Mr. President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Thank you, Mr. President. Through you, to Senator Kissel. You know, and I apologize if I misunderstood his question, but I realize he's using workers' comp as a reference point more than as being part of the plan. And I -- I believe that the way the plan is being structured that where the options are for reinsurance; there's option for stop-loss that the Comptroller in her wisdom will make sure that the plan is protected.

THE CHAIR:

Senator Kissel.

SENATOR KISSEL:

Thank you very much, Mr. President. I appreciate those answers from Senator Crisco. I -- I'm still up in the air about this one. I think there's -- I have real concerns. I'm sort of leaning in opposition but I'm happy to listen to the rest of the debate this afternoon. Thank you, Mr. President.

THE CHAIR:

Thank you, sir. Will you remark further on the Bill?

Senator Caligiuri.

SENATOR CALIGIURI:

Thank you, Mr. President. Mr. President, the Clerk is in possession of Amendment LCO Number 8675. I would ask that the Clerk call the Amendment and I be permitted to summarize?

THE CHAIR:

Mr. Clerk.

THE CLERK:

LCO 8675 which will be designated Senate Amendment Schedule B. It is offered by Senator Caligiuri of the 16th District.

THE CHAIR:

There's a motion on the floor for summarization. Seeing no objection, please proceed, sir.

SENATOR CALIGIURI:

Thank you, Mr. President. Mr. President I move adoption.

THE CHAIR:

Motion on adoption. Without objection. Please proceed, sir.

SENATOR CALIGIURI:

Thank you, Mr. President. I would also request a roll call vote when we get to that point in the process.

THE CHAIR:

The roll call vote, sir, will be ordered.

SENATOR CALIGIURI:

Thank you very much, Mr. President.

Mr. President, Senator Kissel, unwittingly perhaps, gave me an outstanding segue to the Amendment that is before us. In the interest of time, I'll just briefly summarize my concerns and the concerns that I believe a number of individuals share.

One of the major concerns that I share and it's why I asked Senator Crisco earlier on about why don't we just simply do an actuarial review of the cost for every entrant into the pool instead of just a partial entrant. My fear, and I believe that it's a fear that's shared by a number of people, is that the State is going to end up assuming a substantial amount of new insurance liability. And we really have no way of knowing at the end of the day what the cost to the State of Connecticut will be. And the purpose of the Amendment is to give the State of Connecticut a way out of what could end up a very difficult financial situation and so by way of briefly describing the Amendment.

What the Amendment would do is it would require

the Comptroller to have financial statements for the self-insurance plan audited and reviewed by an outside actuary each year. And the actuary would provide a report to the Comptroller summarizing a number of aspects of the financial condition of the plan but ultimately indicating whether a premium increase is required in order for the plan to continue to be properly funded. That's significant, in part, because and a number of speakers before me have spoken on the issue of reserves. It is very important to insure that we have the money set aside to actually pay claims. And we really don't know if in the final analysis how much we're going to have in the way of claims that we have to pay.

And so what this Amendment would do is require an actuarial review, require the actuary to issue a report as to whether a premium increase is required in order to insure that the plan is properly funded and let me just note that is a critically important consumer protection measure. Because if aren't charging an appropriate level of premium, we can end up not having the money required to pay out claims. And we're going to end up hurting the very people we're trying to help.

But what the Amendment also states is that if the actuarial review results in a recommendation that we must increase premiums for the plan by 5 percent or more from the prior year, that the Comptroller will stop taking new entrants into the plan and will unwind the plan on the belief that that is a cost far in excess of what Connecticut can reasonably expect to afford especially if those trends continue in the out years. And, of course, at a time as a State when we are facing absolutely dyer financial circumstances -- circumstances we will eventually get ourselves out of, but not without a lot of pain and suffering. We must be more careful than ever before about the liability we take on.

There's an issue we don't often take about and that's the issue of other post-employment benefits. That is a huge liability that the State of Connecticut is going to have to have incur for retirees moving forward and which we're eventually going to have to put a plan in place in order to properly fund. That is something we're just starting to do. And it's something we don't even talk about when we talk about the financial dyer straights that we're in currently. So to combine our current budgetary problems with the

other post-employment benefits liability that's going to be hitting us in a very significant way and then add on top of that potentially significant insurance liability, albeit it well intentioned, is something we must be very careful about.

And so what the Amendment would do is it would put into the law a mechanism for giving us a way out if it turns out that this is something Connecticut simply cannot afford. Because that way out does not currently exist in the Bill as is being presented to us today.

And it is for those reasons that I would urge adoption of the Amendment. Thank you, Mr. President.

THE CHAIR:

Thank you, sir. Will you remark further on Senate Amendment B?

Senator Crisco.

SENATOR CRISCO:

Thank you, Mr. President and members of the circle. I rise in opposition to the Amendment. The Bill already allows for this. Also, the Comptroller currently works with third party actuaries and will continue to do so and the Bill already allows the Comptroller to adjust premiums and groups should be

able to buy in at those -- at those increased rates. So the Amendment is really not necessary.

THE CHAIR:

Senator Caligiuri, for the second time.

SENATOR CALIGIURI:

Thank you, Mr. President. If I may, question through you to Senator Crisco?

THE CHAIR:

Okay. Senator Crisco.

SENATOR CRISCO:

Yes, Mr. President.

SENATOR CALIGIURI:

In -- in part because I want to be able to make sure the record is clear. Senator Crisco earlier answered to Senator Kissel that there is no way in the law right now for the State to get out from under this liability if it turns out to be too costly. And so when Senator Crisco a moment ago stated that the Bill already does this, I want to be clear on the record that the Bill does not allow the Comptroller a legal way out from under this plan if it turns out to be too costly. That was the answer I believe he provided to Senator Kissel and I want to be clear for the record there's no confusion. Through you, Mr. President, am

I mistaken? Is there, in fact, a way for the Comptroller to get out from under this plan?

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Mr. President, through you, to Senator Caligiuri. You know, I apologize. I don't recall making that statement to Senator Kissel. But there is a mechanism for the Comptroller to adjust, you know, the plan accordingly.

THE CHAIR:

Senator Caligiuri.

SENATOR CALIGIURI:

Thank you, Mr. President. But does that mean there's a mechanism that allows the Comptroller to terminate the plan if it turns out to be too costly? And if it's in there, I'd like to see where it is because perhaps in my haste in reading the Bill, I missed it. Through you, Mr. President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Mr. President, through you, to Senator Caligiuri. Knowing the fine work of Caligiuri, he did not miss

(inaudible). He is correct.

THE CHAIR:

Senator Caligiuri.

SENATOR CALIGIURI:

And I thank Senator Crisco for that response because that's exactly the point. The point is there's no way right now to get from under this liability if it turns out to be too expensive. That's why we need this Amendment, Mr. President. Thank you.

THE CHAIR:

Thank you, sir. Will you remark further?

Senator Kane.

SENATOR KANE:

Thank you, Mr. President. Good afternoon.

THE CHAIR:

Good afternoon, sir.

SENATOR KANE:

Thank you, Mr. President. I, too, rise in favor of this Amendment and I thank Senator Caligiuri for bringing it up. You know obviously this State is facing a huge deficit and if this proves anything for us, it gives us the opportunity in how to reform government. We can change the way we do things in the State of Connecticut. And although the Bill is

laudable and it seems like a venture that may be undertaken, we need the opportunity to fix it or get out of as Senator Caligiuri mentioned at some point if we decide that it's not the right way.

I proposed a bill last year about auditing municipalities and I think this kind of goes along the same way. If we don't check our books and check our forecasts and see the way things are progressing, you can't do that in business, you can't do that in the private world, Mr. President. We need to do that here in the public sector. And we cannot just continue to go down this same path, this same road without some sort of checks and balances.

So if this Amendment and the way I read it and the way Senator Caligiuri eloquently described it, gives us an ability to get out of a situation which may not be working, then I think we should pass it. We need that opportunity, that actuarial review that he mentioned by an outside entity to come in and look at this to see if it's actually working or not. So I thank Senator Caligiuri for bringing this Amendment and I look forward to the passage of it. Thank you, Mr. President.

THE CHAIR:

Thank you, sir. Will you remark further on Senate B? Will you remark further on Senate B? If not Mr. Clerk, please call for a roll call vote. The machine will be open.

THE CLERK:

Immediate roll call has been ordered in the Senate. Will all Senators please return to the Chamber? Immediate roll call has been ordered in the Senate. Will all Senators please return to the Chamber?

THE CHAIR:

Have all Senators voted?

If all Senators have voted, please check your vote. The machine will be locked. The Clerk will call the tally.

THE CLERK:

Motion is on adoption of Senate Amendment Schedule B.

Total number voting	33
Those voting yea	12
Those voting nay	21
Those absent not voting	3

THE CLERK:

Amendment B fails.

Senator Caligiuri.

SENATOR CALIGIURI:

Thank you, Mr. President. Very briefly I rise to speak in opposition to the underlying Bill.

As Senator Kissel indicated, I, too, and I suspect many others who may end up voting against this support the idea of pooling and aggregation. It's a concept that makes sense as a way of saving money. But ultimately I oppose this Bill reluctantly for three reasons.

One, because I believe, as I indicated earlier, that Connecticut is becoming an insurance company because it is choosing to assume risk for a third party in exchange for some consideration. But we're doing it without adequately protecting consumers because there's nothing in this Bill that requires the State of Connecticut to post reserves. That's very important because reserves is what we normally require an insurance company to post in order to make sure that you have enough money to pay claims.

The second reason I oppose this is because there's not a mechanism in the Bill to insure that each and every application for admission into the pool will be one that is scrutinized in terms of the impact

that it will have on the overall cost to the State of Connecticut. We have (inaudible) for partial entrance but not for complete entrance. I think that remains material shortcoming in the Bill as it was last year because it prevents us from doing a financial analysis of every potential entrant into the pool.

And finally, as we just discussed with respect to Proposed Senate Amendment B, there is no legal way out from under this program if it turns out to be a financial disaster for the people of Connecticut. And for those three reasons, it is not something, although it is something I was hoping I could support, that I can support today because in good conscience I believe that there aren't adequate safeguards to protect consumers and protect taxpayers. And for that reason, I will be voting against the Bill. Thank you, Mr. President.

THE CLERK:

Thank you, Senator Caligiuri.

Senator Guglielmo.

SENATOR GUGLIELMO:

Thank you, Mr. President. I also oppose the Bill. If we put ourselves in a -- in a position of a board of directors of the company, which we are, and

we have, I don't know, 160,000 employees I think under the -- between the retirees and active and someone came in to us with a proposal such as this, and we had our own Comptroller saying that this would increase the cost by 5.9 percent where we have the Attorney General, our own attorney saying, that he doesn't think we can break the current contracts with the insurance companies we have now. And then we ask questions -- well what's the cost of the third party administrator. Oh, well, we don't know. Eleven states or maybe it's 20 states, I've heard two different numbers, already have this or how -- how have they done. We don't know.

Pooling which is a whole different aspect to this Bill then just the self-insurance; we have the question of adverse selection. How are we going to handle that? We don't know. If the plan blows up, what's our exit strategy? We don't have one. Do we have reinsurance to limit our liability? No, it's unlimited liability. Do we have experience running an insurance company before? Sure we do. We ran the Second Injury Fund. We ran it right into the ground in the early 1990's. We were handling claims under that Second Injury Fund that became the largest

workers' comp insurance company in the State of Connecticut and it had to stop settling claims because they had cash flow problems because it was so poorly managed. We weren't -- people who are covered under the Second Injury Fund were not able to get their pharmaceuticals paid because pharmacies refused to service them because they weren't getting paid from the Second Injury Fund. We had to come up with $750 million. I was involved with that to straighten out that mess. So we can't answer any questions.

The proponents of this had a whole year to answer these questions. We had the same questions last year. And it's just as open ended proposition. Is self-insurance a bad idea? No. No. Companies all over the State of Connecticut do it. But I guaranty it, no one doing it the way we're doing it. There's no one who would go in with so little knowledge of where we're going or how we're going to get out. And it's irresponsible for us to vote on this the way it is.

If we answer those questions, that's fine. Is it really going to go up 5.9 percent as the Comptroller says? We should check that out. Can we get out of our contract like the Attorney General says? I don't know. I'm not a lawyer. We should check that out.

We should know the cost of the third party administrators. We should have detailed information on how these other states made out with this program. Is there per family cost and are they're per person cost more now or less? Those are simple, basic questions that a board of directors of a company -- if you didn't ask those, yeah, well you wouldn't be doing a very good job.

And in the pooling, in the adverse selection, I mean, this is a guaranty problem. Because the municipalities who are going to come into this plan are who? Which ones? It's going to be the ones that are paying more for their insurance presently than this is going to cost them. So why are they paying more; because they have claims. Their claims history, their loss ratio is not good. So who's going to come in first; the people with no problems who have a decent rate and decent coverage or those that have a lot problems at a high rate and problems? The people with the problems are going to come in first. This will not get off the ground. I've been involved with these. Unless they're done right, they are horrific.

So I think it's irresponsible of us as a board of the directors of the State of Connecticut to go

forward with this without more information. If somebody wants to come back, we've got more actuaries in the State of Connecticut than probably anywhere else in the nation. And we -- they should be doing a study of this looking at every aspect and coming into us with a detailed proposal and then we (inaudible). Who doesn't want to decrease the cost on health insurance? Who doesn't want to improve health insurance benefits for small business and nonprofits? Everybody wants to do that. But let's make sure we're really doing that and not digging a big hole for ourselves. Thank you, Mr. President.

THE CHAIR:

Thank you, sir.

Senator Boucher.

SENATOR BOUCHER:

Thank you, Mr. President. I rise reluctantly to oppose this plan for the time being and look forward to future plans as we address the very need for health care for everyone in our State. There's no question I think that a good number of us do believe that that's the direction we should be taking at some point. But I don't believe that this is the right plan right now for all of the reasons that were just articulated

particularly with regards to the reinsurance issue which I do not believe it's been settled. And additionally, because the Connecticut State plan may not be the right plan to roll out to the rest of the State because, in fact, it is the most generous and most expensive. Most plans that are available out there do not have all of the advantages. In fact, we could not even afford this plan this year during these economic times and it had to be revisited during budget negotiations.

And I also am concerned that -- that we're moving in this direction because I've been watching very closely the Massachusetts plan. I actually had the advantage of meeting the very crafter, the co-chair of this particular plan from Massachusetts at a CDC meeting the very first year it was about to go and be enacted. And I've since checked in. It's been three years since it's been enacted. A recent March 15, 2009 New York Times article did a brief review of it. And in those three years of a near universal plan, they are finding in order survive, if they can survive in the next five to ten years, that they need new fees and they need new taxes. They've had to increase the amount of spending that they've done. They've also

have found that in some cases, it could not be one that would apply to everyone and indeed the very discussion we're having about adverse selection is exactly what they find as well that the sickest sign up for the greatest plan.

Massachusetts actually expects to spend $595 million more in this year than in 2006, a near 42 percent increase. And they've also seen a need to have to do some cost cutting, maybe even reduce some of the reimbursement rates which they originally thought that they could actually increase.

So as I said in the beginning of my -- my statement, I do believe that at some point we need to find a plan that is workable. One that is accessible to all. But when we talk about quality and affordability, that's a very different discussion because usually something has to give and I think we need to sharpen our pencils, meet again and pursue a bill that everyone could support and actually have a governor signature on it. Thank you very much, Mr. President.

THE CHAIR:

Thank you, Senator Boucher. Will you remark further?

Senator McKinney.

SENATOR MCKINNEY:

Thank you, Mr. President. If I could -- very briefly I have a question or two to the proponent of the legislation.

THE CHAIR:

Senator Crisco.

SENATOR MCKINNEY:

Thank you, Mr. President. Through you, Mr. President. Senator Crisco, I'd like you to walk me through the process by which a municipality would decide to join the State health care pool if a town were to -- town employees were to vote to join the State pool, would all active and retirees come into the State pool? Or would it simply be active town employees? Through you, Mr. President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Mr. President, through you to the distinguished Leader. It depends upon, you know, the agreement with the town and their employees if they want to include all present employees and the retirees. Then they would make application to the Comptroller and the

Comptroller would review the application as what the pool of the municipal employees include and make a decision on an actuarial basis.

SENATOR MCKINNEY:

And, thank you, Senator Crisco.

THE CHAIR:

Senator McKinney.

SENATOR MCKINNEY:

Through you, Mr. President. Senator Crisco, would this require a vote of the municipal employees to seek to be part of the State pool and, if so, would the retirees have a vote in that decision? Through you, Mr. President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Mr. President, through you, to Senator McKinney. I believe that the collective bargaining laws prevail in this situation and they would have to vote to join the pool and I would assume that if part of that agreement includes retirees, then the retirees would be included.

THE CHAIR:

Senator McKinney.

SENATOR MCKINNEY:

And through you, Mr. President. It is my understanding that, again, under the collective bargaining rules that the retirees would not have a vote as to whether or not the municipality joined this pool? Through you, Mr. President.

SENATOR CRISCO:

Mr. President --

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Through you, to Senator McKinney. I am not aware of what each town and city's collective bargaining agreement contains and so I am unable to answer that.

SENATOR MCKINNEY:

Thank you.

THE CHAIR:

Senator McKinney.

SENATOR MCKINNEY:

Thank you, Mr. President. And through you, Senator Crisco, the -- the purposes for my question are we, in this Legislature in 2006 and I don't remember, but it was probably a unanimous vote in this Senate, passed legislation protecting retirees' health

benefits. I think the bill was actually brought out by our friend and colleague, Senator Prague, as Chairwoman of the Labor Committee, so that retired -- municipal retirees under State law -- it's prohibited that their benefits are diminished. So through you, Mr. President. My concern is, if a municipality were to join this State pool with active employees and retirees and as part of joining the pool and getting lower cost on their health care, there were to be changes in health care benefits, that would violate State law. And my question is if that were to happen, what would happen to the retiree pool? Thank you, through you, Mr. President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Mr. President, through you, to Senator McKinney. First, the collective bargaining group would have to agree and I don't think it's logical to -- that they would agree to a plan that has less benefits for present employees and for retirees. So, remember it's basically based on the agreement between the town and the collective bargaining unit. And I don't think it's logical that they would -- they being the

collective bargaining unit -- would agree to lessen their benefits to join the pool.

THE CHAIR:

Senator McKinney.

SENATOR MCKINNEY:

Thank you, Mr. President. And I do want to keep this brief, but, again, my understanding is that the retirees do not have a vote. A municipality could join the State health care pool and they could have the option of getting a plan which is significant less in cost but also doesn't give all of the same benefits that they may currently have in their municipality. That would be an option under this pooling legislation.

And so, therefore, if active employees of my town were to vote to join the State pool because they were being provided with a health benefit plan that they approved that was for much less money but had benefits that were not exactly the same that retirees have, then that would violate State law and my assumption is retirees would not be allowed to join active employees in joining the State pool. Through you, Mr. President, is that a fair assumption under those circumstances?

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Mr. President, through you, to Senator McKinney. He is correct on that. But I think if you would take a few minutes and to look at this logically, our State plan is considered the golden goose of health care plans so I don't see that the benefits would be less than a State -- than a town and city plan. That's just a personal opinion.

THE CHAIR:

Senator McKinney.

SENATOR MCKINNEY:

Thank you, and I want to thank Senator Crisco. Mr. President, I ask those questions because while Senator Crisco may be correct that it may not be a likely scenario, it certainly is a possible scenario. Under that circumstances where there are towns that want to join the State pool and get a lower price, one might have to assume that if they're getting a lower price by being a part of the State pool, it may be because their benefits that their town provides are a little bit richer and better than what the State provides. That certainly is part of the cost of our

health care. I think one would have to concede that.

Therefore, under a very logical scenario where retirees are not allowed to vote to join the State pool, their town votes into the State pool. If they were to get less benefits than retirees currently have, they would be in violation of State law. The only way to reconcile the protection of retirees would be to split up the municipal employees so that active employees joined the State pool and retirees remained separate in a municipal pool. Under that situation, were it to happen? And I think it's possible it could happen, that would lead to an increase cost to the municipality because when you look at how our towns and cities blend their rates between active employees and retirees, retirees are clearly far more expensive and cost much more to insure.

So I think one of the potential problems to this is though there is a claim for municipal relief under the possible scenario where retirees get split from active employees, you actually end up costing our towns and cities much more.

Mr. President, that is one of my concerns about this legislation. And let me just briefly say in opposing this again, we are dealing with two sort of

aspects of the Bill this year. One is the aspect of self-insurance. The other is the aspect in pooling. And in reality, neither is objectionable on its face. I voted for it. I think many of us did. The MEHIP program, the Municipal Employee Health Insurance Plan -- the Comptroller has upgraded it to MEGA MEHIP. That is pooling in principal. And I have supported that.

Self-insurance also is not on its face objectionable. As has been mentioned, many of our largest cities and towns in the State use self-insurance. Many of our largest employers use self-insurance. But we are choosing to self-insure at a time when the State enjoys great financial benefits from a fully insured plan. We are choosing to break that agreement that costs us -- that saves the State a lot of money for an unknown. We already know -- we already know based on claims data -- that the price caps in our fully insured plan have saved the State money and, indeed, the claims exceeding those price caps.

When you go to self-insured, you have to pay all those claims. So if you were to compare the fully insured plan we now have and have assumed self-

insurance under that claims experience, the State would have lost and it would have cost more money.

There is also, I think, a great unknown about self-insurance which before we pass it needs to be studied. Do we do it as a State? I think, candidly, with early retirement plans, with hard hiring freezes, with the budget difficulties we have, we would not take on that responsibility. Therefore, we would look at a third party administrator. We do not yet know what the costs of that third party administration would be. It may be logical to assume that those costs would be less. But given the significant savings we have that the Comptroller negotiated in our current contract, I don't think you can make the claim that self-insurance with a third party administrator would be less than the current contract. It may be less going forward and prospectively I might have a very different view of the idea of self-insurance and the deal of pooling. But, unfortunately, this interrupts and cancels an existing contract that we have.

Let me also talk briefly about the $70 million in one-time savings that's brought about by self-insurance. And I think we need to be very candid

about that. It's not a savings of money. It's a delay in payment. By switching from fully insured to self-insured, we stop making those premium payments but the claims still accumulate. And there will come a time when we have to pay those claims. So the $70 million we're not paying in premiums is not money that we save. It's not money we can cut off our bill because we're going to have to pay those claims. And I would actually argue that what we should do with that $70 million, Senator Crisco, is put that in a reserve fund. I don't know of any large self-insured plans that don't have a reserve fund. Yet this plan before us, I think, fails also for a lack of a reserve fund.

Lastly, let me just state that, and I believe Senator Caligiuri talked about this, but if -- if you're going to recognize that cherry picking can occur and clearly the underlying Bill recognizes that by saying that if part of a group comes in, we need to do an actuarial study. Then you also have to admit that if one group, one municipality comes in, you should do an actuarial study to see its impact on the whole group. So I think this proposal fails for that reason as well.

There are a number of states, less than half, but maybe 20 or so that do something similar to this. None of those states have put in small businesses and nonprofits. That again is another unknown as we go forward.

So Mr. President, again, I think given the fact that we have a fully insured contract that saves the State's tens of millions of dollars and unknown about how -- how health -- how self-insurance would be administered and how it would work without a price cap, I think that this is the wrong bill at the wrong time. Perhaps when our contract expires, this may be something we can and should look at and I have indicated my interest in looking at it prospectively but I think now is not the time and I would urge rejection. Thank you, Mr. President.

THE CHAIR:

Thank you, sir.

Senator Crisco.

SENATOR CRISCO:

Thank you, Mr. President. Mr. President, I appreciate and respect Senator McKinney and others' constructive criticism of the plan and hopefully that the plan as proposed will be adopted. I also want the

(inaudible) to note the deep appreciation to Kara Pazara of the Speaker's staff and Josh Rising of Senator Williams' staff for their yeoman work in providing additional information and also, to Speaker Donovan, for his initiative in putting this plan forth in our leadership, Senator Williams and Senator Looney for their support. Thank you, Mr. President.

THE CHAIR:

Thank you, sir.

Will you remark further on the Bill? Will you remark further on the Bill?

If not, Mr. -- Senator Harris. Excited, aren't you? You -- you were going to make history. You were going to be number one. Remark further on the Bill? If not, Mr. Clerk, please call for a roll call vote. The machine will be open.

THE CLERK:

An immediate roll call vote has been ordered in the Senate. Will all Senators please return to the Chamber? An immediate roll call vote has been ordered in the Senate. Will all senators please return to the Chamber?

THE CHAIR:

Have all Senators voted?

If all Senators have voted, please check your vote. The machine will be locked. The Clerk will call the tally.

THE CLERK:

Motion on passage of House Bill 6582 in regards to the action of the House.

Total number of voting	33
Those voting yea	21
Those voting nay	12
Those absent not voting	3

THE CHAIR:

The Bill passes.

Senator Looney.

SENATOR LOONEY:

Thank you, Mr. President. Mr. President, the Clerk is in possession of three agendas for today's session.

THE CHAIR:

Mr. Clerk.

THE CLERK:

Mr. President, Clerk is in possession of Senate Agendas numbered one, two and three dated Saturday, May 30, 2009. Copies have been distributed.

THE CHAIR:

S – 597

CONNECTICUT
GENERAL ASSEMBLY
SENATE

PROCEEDINGS
2009

JUNE
SEPTEMBER
SPECIAL
SESSIONS
VETO
SESSION

VOL. 52
PART 21
6523 – 6819

Senator Looney.

SENATOR LOONEY:

Yes. Thank you. Thank you, Mr. President. Mr. President, on Senate Agenda Number 6, for the reconvene session of the 2009 General Assembly, under business from the House, I would ask the Clerk to call substitute House Bill 6582.

THE CHAIR:

Mr. Clerk, please call House Bill -- Substitute House Bill 6582.

THE CLERK:

Mr. President, from Senate Agenda Number 6 for Monday, July 20, 2009, Item Number 1, business from the House, substitute House Bill Number 6582, AN ACT ESTABLISHING THE CONNECTICUT HEALTH-CARE PARTNERSHIP, Public Act 9-147.

THE CHAIR:

Senator Looney.

SENATOR LOONEY:

Yes. Thank you, Mr. President. Mr. President, having been on the prevailing side on the vote on this matter on substitute House Bill 6582, when it was passed in this chamber, I would move reconsideration of that bill which has now become Public Act 9-147.

THE CHAIR:

There's a motion on the floor by the proponents on reconsideration of House Bill 6582. Seeing no objection, please proceed, sir.

SENATOR LOONEY:

Yes. Thank you, Mr. President. Mr. President, I would now yield to Senator Crisco for purposes of the motion to repass the bill.

THE CHAIR:

Senator Crisco, do you accept the yield?

SENATOR CRISCO:

Yes, Mr. President. I do.

THE CHAIR:

Please proceed, sir.

SENATOR CRISCO:

Mr. President, I move to repass Public Act 09-147, substitute House Bill 6582.

THE CHAIR:

There's a motion on the floor to repass House Bill 6582. Seeing no objection, so ordered, please proceed.

SENATOR CRISCO:

Thank you, Mr. President. Mr. President, members of the circle, we've been on a journey for several

years now, and that journey has no end, and that journey includes what we've been striving for for years: Having affordable and accessible health care for the people of Connecticut.

Mr. President, members of the circle, when I say that journey has no end, if we're fortunate enough to adopt this legislation, we have other items. We have to make sure we have skilled and trained nurses. We have to make sure we have skilled and trained technicians. We have to make sure that we have enough physicians going into primary care. We have to make sure that we have the skilled physicians for specialties, and the beat and the journey goes on and on and on.

Mr. President, members of the circle, I ask you to think about that journey, what we have to accomplish during this session and sessions to come. Over the years we've had the Charter Oak plan. We've had other recommendations. We've been constructively criticized at times for the preventions or if you want to use the mandates that we adopted for breast cancer, for PSA testing, cervical cancer, out-of-network clinical trials, diabetes supplies and testing, and the list goes on and on and on.

And this is a journey we've all been on. And it's a journey that we can't stop. We have to continue. The health-care partnership with the leadership of Speaker Donovan and Speaker Williams and our Senate Majority Leader Looney, has taken us to this point. If we fail, if we fail to adopt this bill today, we will have moved backwards, something that the people of Connecticut cannot afford.

Mr. President, members of the circle, the fiscal note has changed considerably. When we first discussed this, we were talking about losses for the first quarter, which have changed substantially. Something like only one company, Oxford, has met the cap, and that only represents 3.5 percent of the coverage. By adopting this legislation we save $20 million a year by being self-insured. We initially save $70 million a year by adopting this legislation.

There are many other issues that we could go on and on and on and talk about why this legislation should pass. Mr. President, members of the circle, I implore you. I implore you to think about this journey that we've been on that we have to continue, and I ask for your support in the passage of this bill. Thank you, Mr. President.

THE CHAIR:

Thank you, sir.

Will you remark further? Senator Caligiuri.

SENATOR CALIGIURI:

Thank you, Mr. President. Mr. President, I rise briefly in opposition to the motion before us and in support of the Governor's veto.

Very briefly, my concerns remain what they were when they first debated this bill. Although I suspect every one of us here agrees that we need to provide affordable, quality health care to everyone in Connecticut, I don't believe that this bill does it in a way that makes sense for us as a matter of fiscal policy and in terms of protecting, ultimately, the consumers that we're trying to help in the first instance by passing this bill.

Very briefly, Mr. President, this bill is flawed in two substantial ways. Number one, by moving to a self-insured plan without at the same time having led -- language in the bill that requires the state to have adequate reserves, we run risks in two very important ways. Number one, by being the ultimate obligor under these policies, if the cost of providing the insurance ends up being substantially higher than

we anticipated, Connecticut taxpayers will be left holding the bill.

Number two, if that situation turns out and the state doesn't adequately reserve, because there are no reserve requirements in the bill, we could very well end up hurting the very people that we are trying to help by leaving the state unable to honor the financial obligations that we are making to them through the insurance that we are trying to provide to them under this plan. That's the first problem.

The second problem, Mr. President, is while the bill properly requires a review of any partial group coming into the plan to ensure that bringing a partial group in would not result in a substantial increase of costs to the state of Connecticut, the bill is deeply flawed and remains flawed because it had the same problem last year by not requiring that kind of review to be performed for every potential entrant into the state's proposed self-insured plan.

If that kind of financial review makes sense for a partial group, why shouldn't we be doing it with respect to every group that could be entering into the plan? By not doing that, we are not taking the steps that we ought to be taking, Mr. President, in my

judgment, to ensure that we're protecting Connecticut taxpayers by making sure that we do a cost analysis of every proposed entrant into the plan.

For those two reasons I believe the bill is deeply flawed. The Governor was wise to veto it, and it's a veto which I sincerely hope will be sustained today. Thank you, Mr. President.

THE CHAIR:

Thank you, sir.

Will you remark further on motion to repass House Bill 6582? Will you remark further? If not, Mr. Clerk, please call for a roll call vote. The machine will be open.

THE CLERK:

An immediate roll call vote has been ordered in the Senate. Will all Senators please return to the chamber. An immediate roll call vote has been ordered in the Senate. Will all Senators please return to the chamber.

THE CHAIR:

Have all members voted? Have all members voted? If all members have voted, the machine will be locked. The Clerk will call the tally.

THE CLERK:

Motion is on repassage of House Bill 6582.

Total Number Voting	35
Those voting Yea	23
Those voting Nay	12
Those absent and not voting	1

THE CHAIR:

The motion to repass House Bill 6582 fails.

Senator Looney.

SENATOR LOONEY:

Yes. Thank you, Mr. President. Mr. President, I believe that will complete our day's business.

I would yield the floor to any members for points of personal privilege or for announcements.

THE CHAIR:

Thank you, sir.

At this time, the Chair will entertain points of personal privileges or announcements. Seeing none, Senator Looney.

SENATOR LOONEY:

Yes. Thank you, Mr. President. Mr. President, with no other member seeking recognition, and the House has also finished all of its items of business, would move that the reconvened session of the 2009 General Assembly be adjourned sine die.

H – 1052

CONNECTICUT
GENERAL ASSEMBLY
HOUSE

PROCEEDINGS
2009

VOL.52
PART 16
4894 – 5246

Have all the Members voted? Have all the Members voted? Please check the Roll Call board to make sure your vote has been properly cast.

If all the Members have voted, the machine will be locked and the Clerk will take a tally.

Will the Clerk please announce the tally.

THE CLERK:

House Bill Number 6041 as amended by House Schedules "A", "B", "C", and "D".

Total Number Voting	137
Necessary for Passage	69
Those voting Yea	137
Those voting Nay	0
Those absent and not voting	14

SPEAKER DONOVAN:

The Bill as amended is passed.

Will the Clerk please call Calendar Number 225.

THE CLERK:

On Page 32, Calendar Number 225, Substitute for House Bill Number 6582 AN ACT ESTABLISHING THE CONNECTICUT HEALTHCARE PARTNERSHIP. Favorable Report of the Committee on Public Health.

SPEAKER DONOVAN:

Representative Steve Fontana.

REP. FONTANA (87th):

Thank you, Mr. Speaker, good afternoon.

SPEAKER DONOVAN:

Good afternoon, sir.

REP. FONTANA (87th):

Mr. Speaker, I move for acceptance of the Joint Committee's Favorable Report and passage of the Bill.

SPEAKER DONOVAN:

The question is on acceptance of the Joint Committee's Favorable Report and passage of the Bill. Will you remark, sir?

REP. FONTANA (87th):

Thank you, Mr. Speaker. Mr. Speaker, this Bill creates a quality, affordable, public health plan option for the people of the State of Connecticut. It requires the Comptroller to convert our state employee health insurance plan to a self-insured arrangement for benefit periods effective July 1, 2009 and later.

It also requires the Comptroller to offer coverage under this self-insured state plan to municipalities as of January 1, 2010, to municipal related and nonprofit employers as of July 1, 2010, and to small employers as of January 1, 2011.

Finally, it allows the Comptroller on or after January 1, 2010 to merge any health benefit plans she currently arranges into this self-insured state plan.

Mr. Speaker, the Clerk has an Amendment, LCO Number 7518. I ask that he call it and that I receive permission to summarize.

SPEAKER DONOVAN:

Will the Clerk please call LCO Number 7518, which will be designated House Amendment Schedule "A".

THE CLERK:

LCO Number 7518, House "A", offered by Representative Fontana and Senator Crisco.

SPEAKER DONOVAN:

The Representative seeks leave of the Chamber to summarize. Is there objection to summarization? Hearing none, Representative Fontana, you may proceed with summarization.

REP. FONTANA (87th):

Thank you, Mr. Speaker. This amendment, which becomes the Bill, because it is a strike everything or strike all Bill, revises the underlying file copy, but doesn't change it in any material respect.

I move forward to its adoption, look forward to summarizing it after I've done so. Thank you.

SPEAKER DONOVAN:

The question before the Chamber is adoption of House Amendment Schedule "A". Will you remark, sir?

REP. FONTANA (87th):

Thank you, Mr. Speaker, very much. Mr. Speaker, this is an historic occasion and I'd like to begin my remarks if I could, by first thanking you for your leadership on this subject.

You've gone around the state over the last two years laying the foundation and building the framework for this initiative, and you've done so by asking one simple question. Who wants bad healthcare? Who wants expensive healthcare? Who wants poor quality healthcare? Who wants bad healthcare?

And the answer occurred to me today as a child of the 70s, is an old ad slogan from Sara Lee. Nobody doesn't like Sara Lee.

Essentially, nobody doesn't like quality affordable healthcare. Everyone wants it for themselves. The question is how to get it.

And thanks to Mr. Speaker, under your leadership as Majority Leader and now as Speaker, we have that opportunity, and we owe you a great deal of credit.

I'd like to before I begin, thank my partner in our healthcare reform effort, Representative Betsy Ritter for her help, Our LCO Attorney Kumi Sato, and of course our State Comptroller, Nancy Wyman and her assistant, Karen Buffkin.

We've taken a Bill that you brought out last year with the help of Representative Olson and made it even better. And how have we done that?

Mr. Speaker, we have first included a key provision regarding self insurance. Self insurance is a method by which large organizations, be they states, municipalities, or corporations, can retain risk themselves of covering their claims of their insureds rather than paying insurance companies a risk charge for the company to bear that risk.

Under the Bill, Mr. Speaker, state employee approval will be required to switch our plan structure from fully insured to self insured.

Now, I should mention at the outset that the State of Connecticut did self insure prior to 1997, so we are essentially going back to the future, if you will.

But under a self-insured plan, Mr. Speaker, states pay only for the actual claim that their

insureds incur once they incur them. There is no risk charge.

They simply use an insurance company to administer the self-insurance program. These companies provide what are called administrative services only services, and they're typically what's known as third party administrators, and large insurance companies serve either as self-insured third party administrators or as fully-insured insurance companies.

Self insurance is very common, Mr. Speaker. Many states in this country self insure. Nine out of 10 of our largest towns in Connecticut self insure, and our largest employers from UTC to Foxwoods, to Electric Boat, AT&T, all self insure. It's a very common practice, Mr. Speaker, as a way to save money.

And certainly, Mr. Speaker, that's exactly what this Bill will do. To be clear, it will save a one-time amount of $70 million, $70 million for the taxpayers of the State of Connecticut.

It will also, it will do that by essentially keeping the amount of money we otherwise pay in premium costs to our insurance companies under fully

insured plans and keeping it to pay the claims that our insureds incur once they incur them.

In this, Mr. Speaker, there will be an ongoing savings of as much as $10 million to $20 million per year. These will be the ongoing savings as a result of not paying that risk charge (inaudible) profits those insurance companies are currently providing as health insurance, and that $10 million to $20 million is a gross figure less any stop loss policy, which the Comptroller may decide we need to pursue in order to protect ourselves from large claims.

Mr. Speaker, on top of the significant state savings, there are potentially millions of dollars of savings to municipalities, nonprofits and small businesses, those with fewer than 50 employees.

We've actually, Mr. Speaker, over the last year found exceeding numbers of examples, if I could put it in those terms, of municipalities that would save money as a result of joining this pool, which they can do solely on a voluntary basis. Solely voluntary.

And I'll be happy to go through that under questioning, but there are towns from Norwich to Kent to Windham, towns all over the state. And in fact, the Connecticut Education Association, the American

Federation of Teachers, and the Association of School Superintendents all came out in favor of this Bill, your Bill, because they determined that 85 percent of our teacher unions in this state would save money for themselves and the municipalities by joining this pool, 85 percent, Mr. Speaker.

In fact, Mr. Speaker, if the savings to the state and the potential savings to all the people who would seek to join this pool weren't enough, the fact is that by going self insured, we can exert greater control over the healthcare that the pool's members receive, particularly in the areas of prevention and wellness programs, Mr. Speaker.

We can manage medical claims better and health services utilization. We can provide greater incentives for healthy lifestyles and use scientific data for case management, and as if that weren't enough, wait, Mr. Speaker, there's more. We can leverage potential federal Stimulus dollars.

Mr. Speaker, so self insurance is what's new about the Bill. What's old about the Bill and works is the pooling arrangement. Pooling, Mr. Speaker, is a fundamental principle of insurance, spreading risk across the greatest number of lives possible. It's

called the law of large numbers. It's a fundamental principal of insurance, and it says that the larger the pool that you have, not like you spread things like administrative costs over a larger and larger base reducing costs, but you reduce the volatility and the risk associated with that pool, and that allows you to reduce cost.

The law of large numbers, Mr. Speaker, means more lives, it means greater accuracy. More lives means greater purchasing power and bargaining power. More lives means reduced administrative costs. Pooling is a win, win, win.

Mr. Speaker, as I mentioned, joining this pool will be entirely voluntary for municipalities, nonprofits, small businesses and those municipally related business.

We have phased in implementation of that opportunity to allow the Comptroller to administer it effectively and efficiently.

Mr. Speaker, 24 states in this country, including Massachusetts, New York and New Jersey, all currently allow municipal employees to join their state plan, or state pool, so we're breaking no new ground in that area either.

We are, Mr. Speaker, under your leadership, taking a new step by allowing nonprofits and small businesses to join this pool.

Now, Mr. Speaker, they may keep the health insurance that they have currently, if they're happy with it, or they can choose this public option. Essentially, Mr. Speaker, this is a way to provide quality, affordable, healthcare as a different option for people who would like it, and it levels the playing field for businesses that want to attract and retain the best employees and compete with large employers on that basis.

Mr. Speaker, experts like David Osborne, a nationally known expert on streamlining government and making it more efficient, supports the creation of just such purchasing pools to include public and private employers, so we're on solid ground in that respect.

Finally, Mr. Speaker, as you have indicated, this is a comprehensive benefit package. It may not be for everyone, but the fact is, you don't have to choose it. It's completely voluntary. The fact is, though, it represents good benefits that people want.

Finally, Mr. Speaker, in conclusion I would just say, consumers across this country, and in Connecticut in particular, want choice. They want real competition to improve the quality of their healthcare and to contain costs.

They want a comprehensive benefits package, Mr. Speaker, and they support the creation of a public health plan option that will provide them with access to that quality, affordable, care.

Mr. Speaker, I ask that when the vote be taken on This amendment, that it be taken by Roll, and I thank you for your support.

SPEAKER DONOVAN:

The question before the Chamber is a Roll Call Vote. All those in favor of a Roll Call Vote please signify by saying Aye.

REPRESENTATIVES;

Aye.

SPEAKER DONOVAN:

The requisite 20 percent has been met. When the vote is taken, it will be taken by Roll.

Will you remark further on the amendment? Representative Cafero.

REP CAFERO (142nd):

Thank you, Mr. Speaker. Ladies and gentlemen of the Chamber, we have before us for a second time, what's known as the healthcare pooling bill, and Representative Fontana rightfully gave acknowledgment and thanks to our Speaker.

Speaker Donovan has, as Majority Leader, and certainly as Speaker, been one of the largest advocates for this plan. Getting to know the Speaker over the past few months better than I had in the time we served together, I know that he is a man of sincerity, honesty, and wants to do what he believes is best for the State of Connecticut.

So with regard to this Bill's genesis and it's prime supporter, I have nothing but admiration for what the Speaker is attempting to do through this Bill, through his leadership.

That being said, however, we have to understand what we're doing. It's so important in this Chamber, because as Representative Fontana said, if you ask that base question, who doesn't want affordable, quality healthcare, you'll see no hands rise in this Chamber, or frankly, anywhere.

But, as they often say, the devil is in the details. So I think it's important that we understand what the details of this plan are.

On its surface, the concept seems simple. We, in the State of Connecticut through our current employees and our retirees have a pool of insured people that number approximately 200,000.

The Comptroller on behalf of us as the state, negotiates currently with insurance companies to provide health benefits, I believe four in total, health benefits to those 200,000 lives.

I think by everyone's admission, ours in particular, because we are beneficiaries of the state's healthcare plan, it is rather generous indeed. In fact, Consumer Reports has rated the Connecticut state employee healthcare benefits one of the best in the nation.

You all know the details. We changed them somewhat the other day with the SEBAC agreement, but basically when we go to the pharmacy to pick up a generic drug, we pay currently, $3. Most people out there pay far more than that.

If it's a name brand drug, we currently pay $6, soon to go up to $10. When we go to visit our doctor,

we have a co-pay of $10. We have a very, very generous plan, indeed.

Two hundred thousand lives share in that plan, and the concept here is, we have it pretty good. Why shouldn't you?

Now, first of all, all of us as we discussed healthcare have often identified two big problems with healthcare, accessibility, meaning how many people in our state go without healthcare, and how can we make sure we get more people insured.

And secondly, affordability. Those who are insured, what are they paying for that healthcare, and with the ever-increasing costs, what can we do to bring the costs down?

So those are the questions that we have that are out there, because if, in fact, a plan such as this not only insures more people who are currently uninsured, but brings the cost of that insurance down, then I think we have to take a very serious look on adopting this measure.

But before we get to that point, we have to ask some critical questions, basic questions, so that the people at home who might potentially be much affected

by this through their tax dollars, understand what it is that we are proposing.

And with that, through you, Mr. Speaker, I have a series of questions for Representative Fontana.

SPEAKER DONOVAN:

Please proceed, sir.

REP CAFERO (142nd):

Thank you. Representative Fontana, you indicated that currently we have a premium-based health insurance policy, and this Bill calls for us to go self insured.

You also indicated that we as a state were once self insured. Can you explain for the edification of the Chamber and myself, what is the difference between those, what we currently do, and self insurance?

Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. speaker, yes, I'd be happy to. We currently have what's called a fully-insured plan, which means that we place on those insurance companies that provide our health insurance, the risk that claims may exceed a certain amount.

And so in addition to providing for our claims to be paid, administrative costs to be paid, and of course the profits to the insurance company, and reserves for incurred claims, we place a risk charge that they bear the risk.

Self insurance is a method of providing healthcare coverage that places the risk back on the group itself and not on the insurance company providing the coverage or processing the claims. Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Cafero.

REP CAFERO (142nd):

Thank you, Mr. Speaker. And could the gentleman explain a little more about risk. What risk are we talking about that is currently on the insurance companies that will now, if this Bill were to pass and become law, be on the State of Connecticut? What is that risk?

I analogize it to a gamble, I guess. If I'm incorrect, please correct me, but what would that risk be?

Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Fontana.

REP. FONTANA (87th):

I wouldn't characterize it as a gamble, but the risk involved, the potential for the claims experience to exceed the claims experience estimated or projected on actuarial basis.

So if for instance the pool expects that three of us will get our teeth cleaned, not to say this is a good example, and four of us get our teeth cleaned, that's claims experience in excess of that, which was estimated at the outset actuarially speaking, so it involves either additional utilization beyond, which was initially estimated actuarially, and/or particular claims exceeding a certain amount based on past experience.

Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Cafero.

REP CAFERO (142nd):

Thank you. So, through you, Mr. Speaker, in other words what an insurance company does when they give a price out to manage, fully insure a group, in our case the state employees and retirees, which number approximately 200,000 lives, they're actually

looking at the population within that group, and through various statistics and data, are making a guesstimate of what the claim rate would be, how many people will be sick, need hospitalization, God forbid, have a heart attack, suffer from cancer, need their teeth cleaned, et cetera, et cetera, and based on all that data of this pool of 200 people, they give out a price that I presume affords them a reasonable profit but also would pay for those claims.

If they're wrong, and they miscalculated as you indicated, if four people instead of three people get their teeth cleaned, or more people fall ill or have heart attacks, et cetera, then they would actually end up paying out more than they received from us as a fee, if you will, or a premium, and therefore that's the risk that they might lose money. Am I accurate in that description?

Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, the gentleman is partially correct. They might or might not lose money depending upon what that risk charge was in comparison

to the actual claims experience in relation to the expected claims experience.

It's also, I think, fair to point out that just as claims experience could exceed that estimate actuarially, it also could under achieve actuarially, and they could essentially profit additionally by having collected a risk charge that is in excess of what is needed to cover that risk.

So the risk is on them to the upside and to the downside. Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Cafero.

REP CAFERO (142nd):

Thank you, Mr. Speaker. And would the same hold true for the state? Through you, Mr. Speaker. In other words, if the state now is self insuring themselves, if the state were to guesstimate or budget for, for people getting their teeth cleaned, or for people having a heart attack, or for people falling ill, and in actuality five people fall ill, would that be an increased cost to the state if they were self insured? Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, it would depend. It would depend on whether or not the state carried stop loss insurance, which I referred to earlier, Mr. Speaker, in my opening remarks. Stop loss insurance protects insureds if they pursue that coverage, either on an aggregate basis or individual claim basis, or both.

And so it would depend upon the parameters of any stop loss policy that the state might seek to take out. As I indicated, other entities do self insure and many of them do have so-called stop loss policies, and that would potentially impact whether or not the state would "lose money" from additional claims experience beyond that actuarially estimated. Through you.

SPEAKER DONOVAN:

Representative Cafero.

REP CAFERO (142nd):

Thank you. Through you, Mr. Speaker, does the Bill before us require that the state have that stop loss insurance so that we would not potentially suffer the risk of paying out more money than we anticipated?

Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, it does not. It contemplates that the Comptroller in conjunction with the HCCC, the Healthcare Cost Containment Committee that the state employees participate in, would make an assessment as to the wisdom of engaging in that kind of stop loss coverage, and if so, what parameters.

So it contemplates, it certainly allows the Comptroller to do it. It does not require her to do it. Through you.

SPEAKER DONOVAN:

Representative Cafero.

REP CAFERO (142nd):

So through you, Mr. Speaker, in other words, that very risk that is currently on the insurance companies by the state going self insured, would be on us, the state.

Is that correct? Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, yes, that risk would be on us for our state employees and retirees and on the

pool as a whole for the experience of the pool.

Through you.

SPEAKER DONOVAN:

Representative Cafero.

REP CAFERO (142nd):

And through you, Mr. Speaker, does that mean, assuming that risk, if the risk turns out, I guess negative toward the state, would the state potentially have to pay more money than we budgeted or anticipated for?

Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, again, with any pool, you manage your claims experience and your actuarial assessment of the reserves necessary to pay your claims based on your historical claims experience, and you ideally do it so that the risk of exceeding the projection is balanced by the risk to not meeting the projection.

So you're seeking to find a position where the risk of exceeding and not exceeding are more or less

equal, Mr. Speaker, to balance that risk. Through you.

SPEAKER DONOVAN:

Representative Cafero.

REP CAFERO (142nd):

Through you, Mr. Speaker, again, and I made probably the crude analogy to gambling. But a bookie lays off bets. If he's got one guy betting on the Giants who are playing the Eagles, with all due deference, Mr. Speaker, he takes a bet on that one side. He takes a bet on the other, so no matter which way it goes, the bookie knows that he ain't going to lose any money.

And I guess what you've described is a similar mentality on the part of the state. They want to mitigate any potential risk.

But I guess I'll ask my question again. Is it possible that if they don't properly account for that, the state could pay out more money than they anticipated or budgeted for? Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, under the gentleman's hypothetical, it is certainly possible. Through you.

SPEAKER DONOVAN:

Representative Cafero.

REP CAFERO (142nd):

Thank you, Mr. Speaker. One of the things I'm wondering is, this Bill allows us to not only have as part of this insurance network, if you will, just those 200 lives, but also invite in other groups to join, and as Representative Fontana said, take advantage of this bulk group or bulk buying power, et cetera, and the economy of scale.

Those would be municipalities on a voluntary basis to choose to do that or not, and subsequently I look at the Bill, I believe, that they would have also nonprofit employees, employers, excuse me, and small employers.

Through you, Mr. Speaker, would this Bill allow an individual, say a self-employed person, or someone who might not even be employed to take advantage of this plan? Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, I believe that a self-employed person could take advantage of it through our small group reform that we passed a few years ago, which defines a group, a small group down to one individual.

I can't tell you what types of administrative or legal framework that individual has to undertake in order to satisfy the requirements of our insurance companies when it comes to creating a group of one, but a self-employed individual can create out of him or herself a group of one, and qualify as a small group and would be eligible to join this pool. Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Cafero.

REP CAFERO (142nd):

Thank you, Mr. Speaker. Mr. Speaker, and I know these percentages are rough, but we take some pride in the fact that Connecticut, as Connecticut goes, has a substantial majority of its populous who have some form of health insurance.

I believe the last figures I saw was about 92 percent, and that we have about eight percent of our citizenry that is without health insurance, and I

think we would all agree that even one person without health insurance is one person too many.

But with regard to this percentage of our populous that currently does not have insurance, would they be able to avail themselves of the plan that's before us?

Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, if you are uninsured currently, you would have to under this Bill, do as I indicated earlier and satisfy the requirements to qualify as a group of one, as a small group in order to participate.

Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Cafero.

REP CAFERO (142nd):

And through you, Mr. Speaker, what are those requirements? In other words, if I, if we, I'm sure we could all, we all know someone who is currently uninsured. If they say well, this is a great plan, I

now can get the same insurance premiums as the state, would that individual be able to just join this group?

Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, again, I can't speak to the specific requirements. I can certainly suggest that if somebody wanted to incorporate themselves as a business, then they would then be able to qualify as a business with a group of one and join.

So in that method, I know that they can join this pool, but it is not open to just individuals who would like to write a check to the state. That's not how it would operate. Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Cafero.

REP CAFERO (142nd):

Thank you, Mr. Speaker. Ladies and gentlemen, that's a key point. You might remember at the outset of my remarks I identified two problems that we as a Legislature, frankly we as a country, have been grappling with. That's accessibility and affordability.

Accessibility meaning for those people who currently aren't insured, how could we provide for them an insurance product that's affordable so that we turn someone who has no health insurance into someone who does have health insurance.

And based upon the answers given to me by the gentleman, this Bill does not solve that problem. This Bill does not solve that problem. This Bill does not allow all that eight percent of Connecticut citizens who are uninsured to all of a sudden have available to them, insurance. It does not solve that problem.

Through you, Mr. Speaker, I understand, as most of us do, that we currently have a program, MEHIP, it is referred to, and I wonder if the gentleman could explain that program and how it relates or compares to the Bill that's before us. Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, the Municipal Employee Health Insurance Program was created in 1996 to provide an option for municipalities, nonprofits and

small businesses to garner for themselves more affordable, quality health insurance.

The Comptroller who arranges and coordinates that program has sought over time to expand it, make it more accessible to various groups, and to try to bring the price down.

The difficulty is in the structure of the MEHIP program itself. It is patterned after the state employee pool, but for the longest time the lives within the MEHIP pool were not grouped collectively.

So even though there were 10,000 or even 15,000 covered lives under the MEHIP plan, each entity belonging to the MEHIP plan was still being evaluated actuarially on a separate pool basis.

Therefore, while it was trying to create savings over what's currently available on the market, it wasn't, and hasn't been able to this point been able to realize the huge savings that we expect to achieve with this proposal today.

The Bill allows, but does not require, the Comptroller to merge the MEHIP plan into the state pool if she determines it's in the best interest of MEHIP participants.

Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Cafero.

REP CAFERO (142nd):

I'm sorry, Mr. Speaker, that last sentence, if he could repeat that. I didn't hear that.

Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, I'm sorry. The Bill allows but does not require the Comptroller to merge the MEHIP pool and any other pools that she currently arranges healthcare for, into the state pool under this Bill.

Through you.

SPEAKER DONOVAN:

Representative Cafero.

REP CAFERO (142nd):

Through you, Mr. Speaker, does that mean that if the Comptroller has a group that's currently with MEHIP, that say is a municipality, could she pay for this Bill, merge that into this plan? Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Fontana.

REP. FONTANA (87th):

Yes, Mr. Speaker. If the gentleman would look at Lines 285 through 288 of the amendment, on or after January 1, 2010 the Comptroller may merge any other insurance plans procured by the Comptroller into the self-insured plans established pursuant to Subdivision 1 of the Subsection.

Through you.

SPEAKER DONOVAN:

Representative Cafero.

REP CAFERO (142nd):

Thank you, Mr. Speaker. Through you, Mr. Speaker, do the participants in those plans have a say as to whether or not the Comptroller does merge? Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, the Bill doesn't explicitly mention it, but we would expect that the Comptroller would consult with them and explain to them that her intention to merge them would be based

on the savings that she could generate for them.

Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Cafero.

REP CAFERO (142nd):

So through you, Mr. Speaker, would that include municipalities as well, who might be part of the MEHIP plan? Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, yes, it would.

SPEAKER DONOVAN:

Representative Cafero.

REP CAFERO (142nd):

Okay. Through you, Mr. Speaker, that's an interesting point. There are certain municipalities that are currently participants in the MEHIP plan. What this Bill says is the Comptroller may, with no specificity as to how, convert the participant municipality, your city and/or town from the MEHIP plan to the state plan, and from what I understand, and based on the gentleman's answers, the municipality doesn't have much to say about it.

Yes, he anticipates the Comptroller consulting with that municipality, but they have no say in it. That's what it seems like to me.

Through you, Mr. Speaker, with the addition of new members to the pool, which currently is that of state employees and its retirees, would there be any increase in risk or any municipality who wants to join, gets to join, no questions asked? Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, while we do expect and believe that the actuarially based claims experience that municipal employees track fairly closely to state employees, to answer the gentleman's question, no, no group gets to join no matter what.

There are provisions in here, and I will point the gentleman to the sections, Subsection 3(d), Lines 370 to 373, nothing in this section and Sections 4 to 6 inclusive of this act, shall require the Comptroller to offer coverage to every employer seeking coverage under Sections 4 or 5 of this act from the (inaudible) offered under the state employee plan.

In addition, Mr. Speaker, the Comptroller under 3(g) can halt inclusion of small businesses if the potential exists to run afoul of existing case law on ERISA, a federal law.

And then, Mr. Speaker, in Lines 421 et sequentia, 454 et sequentia, I believe, and there's one other section or subsection, 509. The Comptroller has the ability to manage what's called adverse selection, Mr. Speaker. It's a possibility that allowing a group to join materially and adversely affecting the claims experience of the existing underlying pool.

It allows her to decline coverage for any group, which she and an actuary determine would have a significantly disproportional affect on the medical risks of the underlying pool. Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Cafero.

REP CAFERO (142nd):

Thank you, Mr. Speaker. I don't get it. Through you, Mr. Speaker, in other words you're saying that if a municipality voluntarily wants to join or have some of its bargaining units join, the Comptroller could say no, you can't join because you joining might

adversely affect the risk of the rest of the pool. Is that accurate?

Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, on Line 421 et sequentia, if a non-state public employer, that is a municipality, submits an application for less than all of its employees or in the case in the application that the employee will offer other health plans to employees who are offered the state health plan, the Comptroller shall forward such application to a healthcare actuary.

Such actuary may certify to the Comptroller that the application will shift a significantly disproportional part of its employer's medical risk to the state employee plan, and provide in writing the reasons for its finding.

If the Comptroller receives such certification, the Comptroller shall not provide coverage to such employer.

In other words, Mr. Speaker, this is a provision, which we have put in place for both municipal

employees, nonprofits and small businesses to ensure that what the gentleman may be concerned about, the possibility of claims experience exceeding an estimated or projected actuarial amount, based on the health or lack of health of a group seeking to join, that they may not be allowed to join.

If the actuary does not provide that certification, clearly the actuary will have determined that allowing them to join will not disproportionately or significantly impact the overall medical risk of the pool, and the Comptroller will then go ahead and extend coverage to that group.

But the Comptroller is cognizant of the fact that she needs to protect the overall stability, and health, if you will, of the pool, especially for state employees and retirees, her chief and primary obligation, and that this is a reasonable way to ensure that those groups that would seek to join, wouldn't seek to essentially offload their riskiest insureds onto this pool, thereby driving up the cost. Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Cafero.

REP CAFERO (142nd):

Thank you, Mr. Speaker. I'm thoroughly confused now, because I understood at the beginning that, and I'd be the first to admit, I don't know much about insurance.

But we talked about that the first part of this plan is that we're going to go self insured, meaning we're going to pay for our claims.

Now, when a municipality joins this plan, do they pay for their claims? Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, if they do, they will charged a premium, which will be sufficient to cover the claims, administrative costs and any reserves.

Through you.

SPEAKER DONOVAN:

Representative Cafero.

REP CAFERO (142nd):

So, through you, Mr. Speaker, if they're paying their own claims, what would incent the Comptroller to deny their entry into the program based upon risk? I guess if the risk is great, that's on the

municipality's nickel, no? Am I wrong? Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, no, actually, and this is a key point. Each participant outside of the state employee plan and its retirees will not be paying its own claims. It will pay its share of the claims of the overall aggregate pool.

It will contribute its share to the overall cost or aggregate amount of the reserves that will be required, and it will pay the administrative fee, or share the administrative fee required of those groups outside of the state pool of employees or retirees that would be necessary to pay for the administrative costs.

This will ensure that the costs will not be borne by the taxpayers for including these groups, and ensure that the costs will be covered going forward. Through you.

SPEAKER DONOVAN:

Representative Cafero.

REP CAFERO (142nd):

Well, through you, Mr. Speaker, if they would pay their portion of the costs and the claims, then once again, why does it matter whether they're high risk or low risk, whatever it is, they're going to pay their part. Do I have that wrong? Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, again, it's what they bring to the pool overall, the impact that they have on the pool overall, and if they contribute to the cost of the pool, to the extent that they bring costs to the pool. But it's an aggregate pool. It's a pool managed for everybody on behalf of everybody, and so they bring their payments to cover their costs.

But they're part of a larger pool, much as if you and I had a swimming pool. We would pay to have the pool. I wouldn't pay for my water and you'd pay for your water, but together we're going to pay to ensure there's enough water in the pool for both you and I to go swimming. Through you.

SPEAKER DONOVAN:

Representative Cafero.

REP CAFERO (142nd):

I think I'm understanding it now. Through you, Mr. Speaker, when you explained to me our current system, Representative Fontana said that we as a state pay an insurance company, who sort of takes the risk and has administrative costs to run the health insurance system, and they base that upon actuarial data experience of the group.

In this case, though, the state is becoming self insured. With regard to that participating municipality, we're sort of taking the place instead of an insurance company, meaning we're evaluating that risk to that municipality similar to how currently an insurance company evaluates that risk to the state. Is that correct?

Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, we are not going to be bearing the risk of that group. Again, the costs associated with accepting that risk will be paid for by the group seeking to join the pool. Through you.

SPEAKER DONOVAN:

Representative Cafero.

REP CAFERO (142nd):

So through you, Mr. Speaker, if a municipality is assessed by us a certain amount of money because based on their group we anticipate a certain amount of claims, going back to your example, three teeth cleanings as opposed to four, if that municipality incurs four dental visits or tooth cleanings or teeth cleanings, however the heck you say it, who picks up that risk? The state under this plan? Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, the pool bears the risk of those who use more and benefits from those who use less. And so the extent that there are only two teeth cleanings, the pool benefits. If there are four teeth cleanings, the pool pays a little bit more.

Over time, Mr. Speaker, that's the virtue of large pools and the law of large numbers. It's uncanny how it will average out to three, time after time after time.

Through you.

SPEAKER DONOVAN:

Representative Cafero.

REP CAFERO (142nd):

Through you, Mr. Speaker, I guess in my mind, anyway, what I said earlier is correct.

With regard to the municipalities or small businesses that may be joining this pool, we, the State of Connecticut and that Comptroller's office are actually acting like an insurance company.

We are assessing them a fee based upon their experience, and we're assuming a risk because if we're wrong, if it turns out that their claim experience is higher than we anticipated, then we, the State of Connecticut, not that municipality, not that small business, have to pay more money. We have to pay for that fourth tooth cleaning.

So now I understand why the Comptroller in this Bill has the power to say you can join the group or you can't join the group, because if in her estimation in consultation with an actuary she believes that the Cromwell Fire and Police Department joining the group might increase the cost, she might think in her mind, we, the state, the large pool who's running the whole show, might end up paying more money and we can't take

that risk. So she might deny entry to that particular group.

Now, I understand. Through you, Mr. Speaker, in the fiscal note provided with this Bill, it indicates that based on information obtained by the Comptroller's office, switching to a self-insured plan could result in Fiscal Year 2010 rates that are 5.9 percent higher than the maximum rate under our existing deal with the insurance companies, the fully insured contract, which equates to an additional $69 million in health costs for the state plan.

Is that an accurate statement put forth by our nonpartisan Office of Fiscal Analysis?

Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, I'm not in a position to challenge the fiscal note placed on the Bill by the Office of Fiscal Analysis. That's not a question I can answer whether it's accurate or not.

Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Cafero.

REP CAFERO (142nd):

Well, therefore, Mr. Speaker, would this Bill, at least with regard to the self-insurance aspects of it, cost the state an additional, potentially cost the state an additional $69 million in Fiscal Year 2010 over what we currently anticipate under our current plan?

Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, to the extent that we're on the amendment, I would prefer if I could, to answer the gentleman's question in the context of the fiscal note to the amendment, and if in fact, the amendment's fiscal note states that, then I think we can discuss that, Mr. Speaker, through you.

SPEAKER DONOVAN:

Representative Cafero.

REP CAFERO (142nd):

Well, through you, Mr. Speaker, it's my understanding that this is a strike-all amendment and it now became the Bill, and unless that provision changed from what was underlying, the fiscal note that

I have before me, and I'll stand corrected, says it's going to cost $69 million more, potentially, for us to go to a self-insurance plan in Fiscal Year 2010 than it would if we stayed with our current plan.

Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, the 5.9 percent the gentleman indicated or quoted from an earlier fiscal note is no longer accurate. It was based on a selected three-months of claims experience that the state pool experienced last fall, where claims experience was abnormally high.

The experience has since then receded back to normal levels, and in fact the most recent claims experience we received from our insurance companies indicate that none of our plans, with the exception of one dental plan, has exceeded the caps that we predicted.

In other words, the experience has receded back to the historical normal levels, what's in normal variation.

Through you.

SPEAKER DONOVAN:

Representative Cafero.

REP CAFERO (142nd):

Through you, Mr. Speaker, that's an incredibly interesting point. Incredibly interesting point. I read a fiscal note that said this plan could cost potentially $69 million more for the State of Connecticut than we currently pay in Fiscal Year 2010.

And Representative Fontana answered me and said that's no longer accurate because it was based upon a three-month period when claims were abnormally high. And what does that tell us? It's a crap shoot. There's no way to predict this.

If we went from $69 million based on one three-month period of time, to potentially zero in another three-month period of time, I think we could all agree it is volatile at best.

But unlike our current system where that risk in volatility falls on the insurance company and we pay what we agreed to no matter what.

Under the structure of the current Bill, if we were to have another bad three months of claims, the State of Connecticut would be on the hook for $69 million.

Now, I don't have to remind you of what our current fiscal condition is. Our current fiscal condition is bad, real bad.

We in various rooms throughout this building are sharpening our pencils and looking to cut or reduce items as little as $1,000 here and $1,000 there because we need to run this state.

And the Bill that is before us takes on a new risk. In fact, it does two things. First of all, it changes the system that we currently have from fully insured to self insured, and with that becomes these risks, these volatilities in claim history that can cost us in a three-month period an additional $69 million a year. We have no control over that. None.

Secondly, we're inviting new people into the group, people that we don't know what their risk history is. Yes, we can take our best guess, the Comptroller can work with an actuary, but we don't know what their history is, and if we guess wrong, if we guess wrong that number could go up even higher.

Ladies and gentlemen, this is a groundbreaking piece of legislation. Representative Fontana described it as historic. It is. It has never been done before.

As a matter of fact, it's my understanding that the 24 or 26 other states that have some method of pooling, none of them, none of them, include small private businesses and other not for profits. They might include municipalities, but they do not include the other groups that we make available here.

Now why is that important? Well, first of all, it sounds good. We could say, hey, we're opening this up to everybody. Small employers, if you're tired of paying the high cost of health insurance for your employees, join our plan.

Well, guess what, folks? If you are currently paying X amount of dollars for a plan that has a $20 co-pay on prescription drugs et cetera, and now you want to join the state plan, you don't get a choice on what bells and whistles you want. Whatever the plan we got, that's the one you get, and the plan we have has a $5 co-pay on prescription medication now, or will.

Apples to apples. That's more expensive. And many small employers when they were given the details of this plan said hey, wait a minute. It sounds good. It makes sense. Who doesn't want affordable healthcare?

But when I actually went to find out the details, it turns out that if it means to join this plan it's going to cost me more money than I'm currently paying. As a matter of fact, there's some municipalities that found the same thing. It costs more money. Now that's to them.

What about to us? Us mired in the worst economic crisis in the history of the State of Connecticut, where we're literally running to the mailbox checking what tax returns came in, because maybe we picked up another $5,000 or $6,000 et cetera. Maybe we could pay for another program, et cetera.

We're going into a whole new world here that assumes risk we don't know about. And with all due respect to the Comptroller's office, you don't flip from fully insured to self insured over night. Who's going to do all this work? Who's going to analyze the data of a particular group that wants to come in? Who's going to process these claims?

Who's going to do all this? We're going to do it for nothing. We've had bills that have had small little additions to their duties here. We have fiscal notes that say you've got to add another person.

All of a sudden our Comptroller's office is going to go from managing a fully-insured plan to a self-insured plan. That's not going to cost anything?

And by our nonpartisan Office of Fiscal Analysis' own admission, you get a bad three months. We're out of pocket $69 million. All on us. That's the risk.

In fact, if we let enough groups in, there's a potential that our risk will increase what we pay out to the point of what, $1,000 per plan? That could potentially cost $200 million. $200 million dollars, millions upon millions of dollars.

And by the way, folks, if that were to happen and we're back in this room trying to do a budget, and we say, well, we can cut here, we can cut there, you can't cut that. It is what it is. You're on the hook. Pay it up. You've got to cut somewhere else.

Is the concept a noble one? You bet it is. Affordable healthcare to as many people as possible? Absolutely. Is this the plan? Absolutely not.

Right now, folks, we can't afford this risk because if we're off by the tiniest margin, if we let in a group that changes that risk pool, we who are already grappling with and are paralyzed by the fact that we're billions of dollars in debt, will be in

worse shape and then what do we do, because there is no option.

You can't say well, I understand you had a heart attack. We're having tough times. We're not going to pay your claim. Can't say that.

Ladies and gentlemen, I presume there will be a lengthy debate on this matter, and I implore you to listen to the facts.

Now listen, I am not a moron. I understand that this is the Speaker's Bill, and I can count. But as we take action on this Bill we have to know, and the people at home need to know what we're voting on and what the potential is, because this is one Bill you just can't sell with a bumper sticker slogan. Who doesn't want affordable healthcare?

You can't do that. The devil's in the details, and there's a lot of details here, folks.

Thank you, Mr. Speaker.

SPEAKER DONOVAN:

Thank you, Representative. Representative Gibbons.

REP. GIBBONS (150th):

Thank you, Mr. Speaker. Let me start by saying to quote one of my favorite retired Senators, this Bill is looking for love in all the wrong places.

I think that everybody wants affordable quality healthcare, but believe me, if it were easy, we would have affordable quality universal healthcare at the national level, and every state in this union would also have it.

To date, two states have put in some sort of a universal healthcare program, Maine and Massachusetts. Maine is swallowing up its own debt and cannot manage to pay for the healthcare it's been trying to support.

Massachusetts is likewise having similar problems. I see this Bill as an introduction to universal healthcare in Connecticut if we follow it to its complete finish as outlined in the notes that I have.

That being said, I've got a few questions, please,

Mr. Speaker, for the proponent of the amendment.

SPEAKER DONOVAN:

Please proceed, Madam.

REP. GIBBONS (150th):

Through you, Mr. Speaker, this Bill says, or This amendment says that the state is to become self insured. What happens to the four MCOs that are currently carrying the insurance for the state? Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, if I understand correctly, the gentle lady is asking about what happens to the insurance companies currently providing fully-insured coverage to the state employees and their retirees.

REP. GIBBONS (150th):

That is correct.

REP. FONTANA (87th):

Our arrangement with them will terminate, and they will have the opportunity to serve as third party administrators for our self-insured plan. Through you.

SPEAKER DONOVAN:

Representative Gibbons.

REP. GIBBONS (150th):

Through you, Mr. Speaker, do we have contracts with these four MCOs right now, and if so, do you know at what point they expire? Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, I'm not even clear that we have contracts with the MCOs, but if we do have the contracts with them, my understanding is that there are provisions in the contract, which allow us to leave the contract or terminate it with 60 days' notice.

Through you.

SPEAKER DONOVAN:

Representative Gibbons.

REP. GIBBONS (150th):

Thank you. Through you, Mr. Speaker, I think that's an important detail that we should find out, because if I understand you correctly, at the beginning you said that this would begin on July 1, 2009 and if this were to pass and the Governor were to sign it, we don't have 60 days, and we would have to let the MCOs know that.

So for starters, I think we need to check and see what happens to the current MCOs and what date this would begin with the state.

As I read this, I get very concerned that this is going to be another large bureaucratic government entity that we are going to create.

Through you, Mr. Speaker, do you have any idea how many employees it's going to take to staff and to serve this insurance self, this division of the state?

SPEAKER DONOVAN:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, according to the fiscal note and my discussions with the Comptroller, I believe the Comptroller will require three positions.

Through you. Yes, indeed, sorry, Mr. Speaker, Page 3 of the fiscal note to the amendment, the Comptroller's office indicates the need for three additional staff positions consisting of two retirement and benefit officer positions and one retirement and benefits coordinator with a July 1, 2009 start date to work on the transition to an ASO plan, and to prepare to open the plan to additional groups. Through you.

SPEAKER DONOVAN:

Representative Gibbons.

REP. GIBBONS (150th):

I thank the gentleman for his answer. That seems extremely low to me. Who is going to go through all the paperwork, both of signing up the municipalities and who's going to deal with all of the claims? How is that going to be covered with just three people?

Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, the claims will be handled by the third party administrator that the Comptroller selects under administrative services only arrangement.

In terms of evaluating and admitting or the applications of those who would seek to join will be handled by the trade people she indicates in her fiscal note. Through you.

SPEAKER DONOVAN:

Representative Gibbons.

REP. GIBBONS (150th):

I thank him for his answer. I am still very skeptical that we're going to be able to deal with all this with just three people.

I guess another question, getting back to the municipalities. What if the municipality doesn't want to come in to this state insured plan but in three years' time we have no longer another insurance plan in the state, this is the only one the municipality can join.

Certainly in our town, health benefits and health insurance are one of the negotiating tools that our town uses with its municipal employees. What is going to happen to that negotiating tool? What is going to happen if a municipality doesn't want to join the plan? What kind of alternatives will there be?

Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, if a municipality chooses not to join, it simply needs not join. There are many options out there currently in the private sector. My own Town of North Haven, for instance, has a contract with Anthem for a number of years, switched

to Connecticare this past year, as I understand is going to go back to Anthem this coming year. So clearly, my town is shopping among at least two very large comprehensive companies.

In addition, as we know, the MEHIP program the Comptroller currently manages or administers or coordinates and arranges, also allows municipalities the opportunity to access the healthcare market. And that's exclusive of whatever else exists in the private market.

So municipalities have, and will continue to have options. Through you.

SPEAKER DONOVAN:

Representative Gibbons.

REP. GIBBONS (150th):

I thank the gentleman for his answer. I can see that at least for now they would have options, but as I see this playing out in later years, I'm not sure how many options would be left to them.

Another question I have though, is negotiating the provider payment. The biggest issue we have with Medicaid payments, through HUSKY through SAGA, through whatever kind of Medicaid payments we have right now,

are the low reimbursements that we give to both the doctors and to the hospitals.

How are we going to get doctors and hospitals to sign onto this new insurance, state insurance company that we are creating? Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, I would imagine that we will leverage the existing provider networks provided by the third party administrators. If we select Anthem, Connecticare, Oxford, Health Net, one of those companies, they all come with existing networks, so we wouldn't seek to duplicate existing networks, or create new networks. We would simply seek to leverage existing networks.

And as you know, the state plan currently has, I believe, three companies through whom we provide health insurance, Anthem, Connecticare, and I believe, I apologize, Oxford Health Net so we clearly leverage existing networks currently.

I would imagine that would be part of what would interest a third party administrator to administer our

plan is the opportunity to plow all of that claims usage through their existing network. Through you.

SPEAKER DONOVAN:

Representative Gibbons.

REP. GIBBONS (150th):

Thank you. I think now we're getting into areas of insurance coverage that get a little bit fuzzy in my mind, but I do know that the doctors want to be paid. They feel that they are underpaid right now. Many of them will not join the existing networks.

Who is going to negotiate higher reimbursement rates for them, the third party administrators or the state?

Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, I believe that would depend upon the terms of the administrative services only contract. If that's something that the Comptroller wants the third party administrator to perform, I would imagine that it will do it for a price. If for some reason the Comptroller believes she can do it more capably, I would imagine she will

not put that in the contract and we will do it for ourselves. Through you.

SPEAKER DONOVAN:

Representative Gibbons.

REP. GIBBONS (150th):

I thank you. You know, one of the issues we've had with trying to meet our deficit in our budgets both for this year and for the next biennium is trying to reign in our healthcare costs, and in the SEBAC negotiation that we just approved in this Chamber a few days ago, we did manage to limit some of the benefit costs by increasing the co-pays.

We on the state plan have a Cadillac plan, and we've all agreed that that is true, but we've got to do something to increase premiums, to increase co-pays, or even the state can't afford to pay with what we have.

What kind of a plan do you envision going forward with this? Is it going to be the existing one? Is it going to be the newly negotiated one? Is it going to be one that we're going to try and renegotiate again in the future?

Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, I'm not sure I understand the gentle lady's questions, but essentially we're going to continue providing the same quality healthcare that we provide currently to state employees and retirees and seek to expand it to people who aren't currently receiving it.

So there will be no change in the healthcare that we provide, subject to that SEBAC agreement that we passed recently, which would modify the terms of our existing health benefits package. Through you.

SPEAKER DONOVAN:

Representative Gibbons.

REP. GIBBONS (150th):

Thank you for that response. I still think that is one of the issues that we have with our existing healthcare plan, that while we increase the co-pays from $3 to $5, I think for generic drugs and $5 to $10 for prescription drugs, it is still far below what most people pay in the private sector, or what other people pay from their municipal healthcare plan.

And I think that this is an issue going forward that as we expand the state healthcare plan to include

more individuals, we are going to have to cover more people at premiums that were basically negotiated 10 years ago and need to be increased.

Let me take another tactic too, that you said that other states have opened up their state employee pools to local governments or municipal, to some of the towns. However, none of these states has opened up their state employee plan to nonprofits or to small businesses.

Why is Connecticut considering doing that, please?

Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, because we take pride in leading this country from time to time and we are proposing this in response to the interest expressed by nonprofits and small businesses. Through you.

DEPUTY SPEAKER GODFREY:

Representative Gibbons.

REP. GIBBONS (150th):

I think that's an admirable goal. I think the problem is, what happens if the nonprofit or the

municipality signs on to this, and then two or three years into the plan they find they can no longer afford their share, or whatever their employees can't afford, what do they do then?

Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, the Bill requires participants joining the plan to do so on a two-year basis. If they then choose to leave after that two-year period or any other subsequent period, they may negotiate or do so, negotiate with the Comptroller and do so.

Through you.

DEPUTY SPEAKER GODFREY:

Representative Gibbons.

REP. GIBBONS (150th):

Thank you for that response. I think it would be admirable if they could negotiate and leave, but as I say, I think this ends up being a one insurance company that is run for and by the state. I'm not sure where they're going to be able to go to.

Let me just check a second. I had a couple of other questions here. In speaking with people I know in the industry who deal with health insurance and municipal health insurance and healthcare costs, they say that ultimately what we're going to have to do is somehow ration our healthcare, and nobody likes to hear the word ration.

Does that mean I can't go to the doctor when I want to? Does that mean I can't have an operation when I want to? Does that mean I can't have an x-ray when I want to?

No state and no country can afford to give unlimited healthcare to everyone. It just isn't feasible. We have too many expensive tests, we have too many expensive diagnoses, we have too many expensive hospital stays.

And the state plan that we currently enjoy, those of us who have decided to join that plan and our retirees, really do have the benefit of unlimited healthcare services, and I'm not commenting that we should be able to change this, but I think that in the future if we are trying to conduct a healthcare plan that is going to work for more people, somehow we have to have a way that we give only so many tests. We

only give so many operations. We only give so many healthcare day stays, and I'm not sure where that is in this plan.

Who is going to negotiate the amount of healthcare that is given to the insured under this plan?

Through you, Mr. Speaker, it would be the same as what people enjoy today, or are we going to say in two years that we can no longer afford this very expensive healthcare plan and we're going to have to ration it down?

If so, how are municipalities and new insureds going to feel about that? Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, of course I can't express how municipalities may feel about a hypothetical example.

I can tell you that this is a coverage Bill. It's not a rationing Bill. It's not an access or delivery Bill, it's a coverage Bill, and so we're providing coverage, a quality affordable public health plan option to people who don't have it and want it.

Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Gibbons.

REP. GIBBONS (150th):

Thank you, Mr. Speaker. I'm glad to have this Bill brought forward. I think it's got lots of issues. I'm hopeful that we will be able to work them out, and I thank you for your time.

DEPUTY SPEAKER GODFREY:

Thank you, Madam. The gentleman from New Canaan, Representative Hetherington.

REP. HETHERINGTON (125th):

Thank you, Mr. Speaker. If I may, a few questions to the proponent.

DEPUTY SPEAKER GODFREY:

Please frame your question, sir.

REP. HETHERINGTON (125th):

I would like to just take this at ground level for a few minutes and ask the proponent this. What will a participant such as a Member of this Chamber see when this becomes effective? Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, I'm not inclined to overstate necessarily, but I would be willing to predict that this, Members of this Chamber will see nothing. No change.

They'll get a card in the mail from an insurance company telling them where they can go to get healthcare and what the benefits are, which by the way won't change.

So as far as the insureds are concerned, nothing will change. Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Hetherington.

REP. HETHERINGTON (125th):

Through you, Mr. Speaker, so all of the same coverages and features that now are afforded through the present plans will be replicated under this proposal?

Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Fontana.

REP. FONTANA (87th):

Through you, yes. The same benefits will be provided to insureds if they're collectively bargained

state employees, SEBAC has provided for them, so yes, through you.

DEPUTY SPEAKER GODFREY:

Representative Hetherington.

REP. HETHERINGTON (125th):

Through you, Mr. Speaker, do we have a projection of the number of insureds that will be covered when this becomes effective, including the options for small businesses to become a participant?

Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, no, we do not have a precise estimate. As Representative Cafero indicated, there are in excess of 200,000 state employees, dependents and retirees currently who would become perforce, a part of this pool at its inception. $10 word, sorry, Mr. Speaker.

There are as we know, tens of thousands of municipal employees across the entire state. That's our estimate.

We know that there are thousands, if not tens of thousands of nonprofit employees around the state, and

we know that there are tens of thousands if not hundreds of thousands of employees of businesses with fewer than 50 employees, so the pool is potentially quite large, but it would depend upon those who would seek to avail themselves of it. Through you, Mr. Speaker.

REP. HETHERINGTON (125th):

Through you, Mr. Speaker, how do we make any actuarial assumptions if we don't have any assumptions, any projections that we regard as meaningful regarding the number of participants? Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, we'll of course use initially the actuarial data we have on our state employee and retiree pool because of course we've worked with our insurance companies both on a self insured and fully insured basis for decades to manage just that pool.

Going forward, the Comptroller will work with an actuary to assess the amount of risk of any group that would seek to join, via a municipality, a nonprofit

group, municipally related employer or a small business.

Through you.

DEPUTY SPEAKER GODFREY:

Representative Hetherington.

REP. HETHERINGTON (125th):

I can understand the need to actuarially consider the viability of coverage in case of each new group that wants to join. But aren't we doing, we now hear that insurance companies cherry pick. Isn't that what we're going to do?

Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, no, we're not cherry picking at all. We're essentially encouraging municipalities, nonprofits and small businesses to bring us their entire pool of insureds.

What we say is, if for some reason you are not going to bring us your entire pool or offer your entire pool plans other than ours, we have not just the opportunity, but the obligation to ensure that we don't incur additional costs by accepting risks that

will increase the overall risk of the pool beyond long established, very stable norms. Through you.

REP. HETHERINGTON (125th):

Through you, Mr. Speaker, how many small businesses as used in this Bill and nonprofits are there in the state currently? Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, I do not have that information.

DEPUTY SPEAKER GODFREY:

Representative Hetherington.

REP. HETHERINGTON (125th):

I see. Thank you. Now, the state would presumably create a reserve fund to cover its responsibilities under the self-insurance plan?

Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Fontana.

REP. FONTANA (87th):

Yes, Mr. Speaker. The state will be creating a reserve pool, or pool of reserves to handle incurred claims. Through you.

DEPUTY SPEAKER GODFREY:

Representative Hetherington.

REP. HETHERINGTON (125th):

And do we plan to reinsure? Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Fontana.

REP. FONTANA (87th):

Mr. Speaker, thank you. As I indicated, I believe to Representative Cafero earlier, we allow the Comptroller to pursue a stop loss policy to essentially reinsure that risk.

Quoting from Page 3 of the fiscal note on the amendment, the estimated savings from eliminating the risk charge for claims fluctuations currently paid under fully- insured plan would be $20 million annually, the state may wish to budget for the purchase of stop loss insurance for individual claims exceeding a set dollar amount to cover fluctuation in claims year to year. This stop loss insurance would cost the state approximately $10 million annually.

So we contemplate the possibility of it occurring, but we leave that to the discretion and the good judgment of the Comptroller to decide. Through you.

DEPUTY SPEAKER GODFREY:

Representative Hetherington.

REP. HETHERINGTON (125th):

Thank you. Through you, Mr. Speaker, I understand the state does not operate with generally accepted accounting principles, but would we expect to show contingent liabilities on the financials of the state once this plan were in effect to reflect the risk that we do assume?

Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, I'm not even sure what the gentleman means, but the pool is intended to be managed, as it's always been managed by the state when they were self insured or by the insurance companies for the last 12 years as a fully-insured plan.

It's going to continue to be managed by the Comptroller along with a third party administrator.

Through you.

DEPUTY SPEAKER GODFREY:

Representative Hetherington.

REP. HETHERINGTON (125th):

Thank you. Through you, Mr. Speaker, let me make that a little clearer. We assume as a state, some risk. We may assume a naked risk for all the shortfalls of the pool or we may assume a restricted exposure in the event the Comptroller in her good judgment decides to lay off the risk through reinsurance.

My question is, does our exposure show up in our financial statements as a contingent liability, for which the state is liable? Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, again, let me just reiterate if I could the risk to the pool will be borne by all other participants in the pool as to whether or not, and to what extent the Comptroller in her annual report reflects liabilities of health insurance. I can't speak to that. That's beyond the scope of the Bill and the amendment.

Through you.

DEPUTY SPEAKER GODFREY:

Representative Hetherington.

REP. HETHERINGTON (125th):

But forgive me for belaboring this point. The pool assumes the risk, but if the pool can't pay the risk, the state is on the hook. Isn't that right?

Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, the pool is at risk. The state is responsible for that amount of risk borne by its participants, state employees, dependents and retirees. The other participants, Mr. Speaker, are responsible for their share of the risk. Through you.

DEPUTY SPEAKER GODFREY:

Representative Hetherington.

REP. HETHERINGTON (125th):

I don't know how to state that any other way, but in any event, with respect to the small uninsured, the individual uninsured, forgive me, no individual would be eligible to participate unless that individual, and

I believe this was the word the gentleman used, incorporates.

You have to be incorporated to be a small business for these purposes. Is that right? Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Fontana.

REP. FONTANA (87th):

No, Mr. Speaker, that's incorrect. I used the idea of incorporation as a hypothetical example of at least one way that an individual could gain access to the pool.

But I believe I said at the time that there may well be other mechanisms for individuals to gain access to the pool, but that it's certainly one example by which an individual could gain access. Through you.

DEPUTY SPEAKER GODFREY:

Representative Hetherington.

REP. HETHERINGTON (125th):

I thank the gentleman for his answers. Mr. Speaker, I would offer some comments with respect to this proposal. For one, and as has been said before, we should have no illusion that this helps the

unemployed, uninsured person for whom COBRA has run out unless they start a small business and we seem to be uncertain as to what would be evidence of a small business.

I had received an email the other day from a gentleman and a constituent, who said, my brother-in-law now lives with us. He's out of a job. His COBRA's run out. He has no health insurance and he has significant health problems.
That's not, this isn't going to help him. We should be clear about that.

My daughter lost her job in this downturn. She lives with us. Very welcome to, and she, her COBRA she still has, but when that runs out she will have no health insurance and this isn't going to help her either.

Now, that's not necessarily a reason for you not to pass this Bill, but you ought to understand exactly what this addresses and what it doesn't.

Now, we recognize that there is a cost of administration in this. We don't know what that administration is, but it's going to involve something, and the cost of administration may be in adding people to the state's payroll, or it may

involve contracting with private insurance carriers, the same carriers, the same organizations that currently actually write the insurance to cover our health plans.

By the way, those private insurance companies also pay taxes for their earnings in the State of Connecticut and we won't be receiving those taxes after we no longer have them as our insurance carriers. We will, presumably on whatever we pay for them for their administrative services.

But fundamentally, fundamentally, we have to understand exactly what this is. The reference to a pool is repeated, and I understand it's a pool. But ladies and gentlemen, through you, Mr. Speaker, all, all insurance is a pool. All insurance is a pool. That's what makes insurance viable.

There is a pool out there, a pool of water, and various parties are invited to come and participate in that pool. For example, you have a pool and elephants may come to drink. Gazelles may come to drink, and the elephant with the trunk goes in there and boy, really sucks up that water and takes a lot of it.

The gazelle being a little, you know, more dainty in some respects doesn't drink as much water, so as a

result the pool works. It can accommodate both the gazelle and the elephant.

But fundamentally, we must understand that there is a risk. The pool doesn't ultimately handle the risk. Somebody has to ultimately be responsible if the pool is insufficient to cover the risk, and that's what we pay insurance companies for. We pay them because they take the risk. They take the risk.

Well, they're not going to take the risk any more. We're going to take the risk, and as the gentleman pointed out, the Comptroller does have the option of reinsuring, but is not required to reinsure. May insure, may reinsure or not. May reinsure but not enough.

In any event, in the final analysis the State of Connecticut takes the risk. That's what you pay insurance for because somebody else takes the risk. You cover your car with insurance because if you get sued for a million dollars you don't have that in a checking account so you've got to have the insurance company take the risk that somebody will recover that for you.

And that's exactly the same in this case, only the risk is going to be on the State of Connecticut.

Now, somewhere that risk has to show up, and that risk has to show up as a contingent liability in the state's finances. Now that's a new element that we're going to see out there, and it's going to impact everything from our borrowing costs to our tax structure.

Somehow, we've got to ultimately be responsible for that risk, and we've got to show that we're responsible for it.

Now I do not see in this Bill how we are assured of saving money. We don't have any reasonable certainty as to the number of participants. We know we have to create a reserve but I don't know how you'd create a reserve if you don't have any projection of how many people are going to participate. There are going to be possibly nonprofits and small businesses, but we don't know how many small businesses or nonprofits there are in the state. So how do you know how many people are going to be drinking at the pool.

I, it, this may be a good idea. It may be a good idea but we just don't know. We just don't know. We don't have all the elements that would cause us to be able to reach an informed judgment on whether this is a good idea or not.

Now, I must admit a bias here. This assumes that when the government administers it they'll do it better than a private carrier. I'm not sure. I don't agree with that, and you may differ with that. We all may differ on that.

In my view, if you put the government in charge of a dessert in ten years you'll have a shortage of sand, but not everyone agrees with that, I'm sure.

But that's the risk that you're taking. The risk you're taking is that you'll have too many drinking at this pool and the state will ultimately have to bear the ultimate burden. Thank you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Thank you, sir. The gentleman woman from Bolton, Representative Sawyer.

REP. SAWYER (55th):

I don't know if I'm going to be quite that clever, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

No elephant jokes, Representative Sawyer.

REP. SAWYER (55th):

Thank you, sir. Currently in the State of Connecticut we have some health insurance called Medicaid and we have some health insurance called the

HUSKY Plan, and we have some health insurance called Charter Oak.

What we do know is the State of Connecticut is, as Mary Fritz, Representative Fritz said the other day, not to be trusted. People believe that when someone says they're going to do something that they're going to do it.

But in those current plans that we have, ladies and gentlemen, how much do you think the State of Connecticut pays on the dollar? Right now, the State of Connecticut pays about 65 cents on the medical dollar.

So what's happened? What's happened is, someone goes to the hospital and they have the state's Medicaid, they have the other plans, the state pays 65 cents on that dollar, so it forces the hospitals to charge those people that have private insurance $1.25 or more, just to be able to keep themselves afloat.

We're notorious, Mr. Speaker, notorious for paying poorly, notorious, and we already have those three that I just mentioned.

Why am I nervous about us funding this, being self insured? It could be that 65 cents on the dollar

underfunding now for the poorest of the poor in the State of Connecticut, those that need it the most.

So then you look at some of the other ways of managing this particular question, and what we know is, we have, Mr. Speaker, a situation where we have doctors that are not interested in taking these patients on. They don't have any more room in their practice for people who are on state assistance.

On the reverse side, right now with the type of healthcare that we have, they say yes, absolutely, if you have state insurance and you're a state employee, please come. They open the doors to us if there's room in their practice.

Because the insurance companies, though they're not always timely, they pay on an agreement, on a contract that they have with the doctors. They pay.

Have you looked back in some of our budgetary problems and the way the State of Connecticut does things? Have you looked back? Well, we had to do this a couple of years about how the state's funds, our teachers' retirement. It was so bad we had to go out and bond huge sums of money that is still going on every year to backfill because of 15 years of underfunding.

We also know that if we look at oh, healthcare for our retirees, hugely underfunded, ladies and gentlemen, as we speak.

So what are we talking about here? We're talking about launching into a new type of program where we will be self insured. We'll have some managers do it. We can say no thank you to Aetna. We can say no thank you to Anthem Blue Cross Blue Shield. Is that what we're going to say, because we're going to be self insured?

How many of our constituents will lose their jobs from the insurance companies? We don't know. And we're going to launch into something we don't know a whole lot about.

We have another experience, Mr. Speaker, to remind people of state experiences when they go to try something new, and that was, there's a computer system for the State of Connecticut that we were going to get into and it was only going to cost $50 million if the state did it.

It wasn't going to cost $100 million if we contracted out. The state could do it for $50 million and as we speak, I believe it's well over $150 million that it cost us for the state to do it.

Representative Fritz is right. Representative Fritz is right. There's a worry that we can't be trusted. We mean well. The state means well. But the state does not pay on a timely basis.

I have a personal experience with a family member who had a contract with the State of Connecticut, and they didn't pay the bills in one month, or two months or three months. It was four months, and it was the primary source of income. The state does not always do it well. The state may mean well, but they don't do it well.

So for that reason, Mr. Speaker, I cannot go forward and put my yes vote on this. I'm sorry to say, I apologize, thank you, Mr. Speaker, but I'll be voting no.

DEPUTY SPEAKER GODFREY:

Thank you, Madam. The gentleman from Waterbury, Representative Noujaim.

REP. NOUJAIM (74th):

Good afternoon, Mr. Speaker. Mr. Speaker, through you, if I may pose a few questions to the proponent of the Bill, Representative Fontana.

DEPUTY SPEAKER GODFREY:

Please proceed, sir.

REP. NOUJAIM (74th):

Through you, Mr. Speaker to Representative Fontana, I am looking at the private employers, the small businesses and I am looking at Line 318 through Line 328 of the amendment, where they talk about small employers.

And in the fiscal note of the Bill it says that small, of the amendment, it says that small employers will be asking their employees' share to be 22 percent of the premium. Is that correct? Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, the Bill allows small businesses to charge their employees a certain amount of co-payment, I believe, but I don't know, unless the gentleman can point it out to me, I don't know where we would have a 22 percent figure in the Bill or the amendment. Through you.

DEPUTY SPEAKER GODFREY:

Representative Noujaim.

REP. NOUJAIM (74th):

Thank you, Mr. Speaker. Mr. Speaker, in the Office of Fiscal Analysis review of the Bill, there is a chart there that talks about average annual premium rates, and then it says family coverage, employee share and it states, you know the State of Connecticut, what they pay, the employees, and the industry, and what does the industry, employees in the industry insofar as co-pay would pay, and it says employee share is 12 percent and again, for the family coverage an employee's share is 22 percent.

Through you, Mr. Speaker, it is on Page 406.

DEPUTY SPEAKER GODFREY:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker. I see the chart. It's on Page 607 of the fiscal note that I have. I would note that these are average annual premium rates. This is what is occurring out there in the world. This isn't in the Bill.

Through you.

DEPUTY SPEAKER GODFREY:

Representative Noujaim.

REP. NOUJAIM (74th):

Thank you, Mr. Speaker, and through you, Mr. Speaker, do I take it that the Bill is recommending or suggesting that the employee will pay 22 percent of co-pay and the employer and/or the state will pay the rest?

Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, I will endeavor to try and find the line, because I recall going over it, but again, the Bill only allows, you know, small businesses to charge their employees a co-payment. It doesn't say how much.

Through you.

DEPUTY SPEAKER GODFREY:

Representative Noujaim.

REP. NOUJAIM (74th):

Thank you, Mr. Speaker, and my analysis on that. I may have found it probably faster and I will point it out to Representative Fontana. It does say 22 percent, and please excuse my, I'm talking from a personal experience in here.

I am the plan administrator for our own little company and I charge my employees five percent co-pay. In a case like this, would I be able just to come in and just up it to 20 percent, 22 percent in one shot, to have them pay more money? Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, again, I hope I can clarify the gentlemen's, provide an answer to the gentleman's question.

In Lines 564 through 566 it states, an employer may require each covered employee to contribute a portion of the cost or such employee's coverage under the plan, subject to any collective bargaining obligation applicable to such employer.

So it allows employers to charge their employees a certain amount of the cost of joining the plank but there is no specific percentage in the Bill. Through you.

DEPUTY SPEAKER GODFREY:

Representative Noujaim.

REP. NOUJAIM (74th):

Thank you, Mr. Speaker. Perhaps then it was just a table that shows the average out there in the workplace. But thank you. I really appreciate the answer from Representative Fontana.

And through you, Mr. Speaker, a few more questions to the proponent of the Bill.

If we are a company, and any company, small or big, and it says in here, someplace in the Bill, a small business is less than 50 employees.

So if you have the State of Connecticut doing the administration of the health plans and you have changes, an employee is married, an employee is divorced, has a child, and through you, Mr. Speaker, how do these changes and the updates are done by whom? Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, those changes would be handled by the third party administrator in much the same way, if not the exact same way that the insurance companies, that they could currently have serving their needs serve them now. Through you.

DEPUTY SPEAKER GODFREY:

Representative Noujaim.

REP. NOUJAIM (74th):

Thank you, Mr. Speaker, and through you, Mr. Speaker, let us say that a small company is enrolled in the plan and somehow, and I know how things work. Let's say sometimes you receive an invoice. You do not pay it. The company does not immediately cancel you. They give you some time to pay. If you take a month, two months, three months, four months, finally the companies that do the administration says I'm going to cut you off. I'm going to cancel your policy.

So now the employers have been already insured for three or four months, but no one is paying for them, and the company refuses to pay. Who ends up paying that bill? Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, I don't know if this answers the gentleman's question but in Section 6(e), Line 567 it states that any payment due by an employer under this Section is not submitted to the Comptroller by the tenth day after the date such payment is due,

interest to be paid by such employer shall be added retroactive to the date such payment was due at the prevailing rate of interest that's determined by the Comptroller.

And then in Subparagraph 1, Line 572, the Comptroller may terminate participation in the state employee plan by a municipal related employer, small employer, or a nonprofit employer on the basis of nonpayment of premium, provided at least 10 days advance notice was given to such employer, which makes (inaudible) coverage and avoids termination by remitting payment in full any time prior to the due date of termination.

So, the, if you look at the two sections I just quoted, one after the other, the Comptroller can start charging interest 10 days after the payment is due if it's not paid in full, and the Comptroller may terminate coverage with 10 days' notice. Through you.

DEPUTY SPEAKER GODFREY:

Representative Noujaim.

REP. NOUJAIM (74th):

Thank you, Mr. Speaker. And I truly, truly appreciate the answer because this will be leading me

to the next question that I want, that's exactly where I want to go in my request for answers.

Let us say that a company refuses to pay and Representative Fontana was kind enough to read the section of the amendment. The company refuses to pay, the Comptroller sends them notification. They still refuse to pay. They do not fulfill their obligation so the Comptroller terminates the contract.

So now we have some money owed to somebody for premiums that have already, that are due and are past due and should have been paid.

How would the State of Connecticut then handle that situation, and who pays that money?

Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, in Section 6(e)(3) Line 599, the Comptroller may request the Attorney General to bring an action in the Superior Court for the Judicial District of Hartford to recover any premium and interest cost or equitable relief from the terminated employer.

Through you.

DEPUTY SPEAKER GODFREY:

Representative Noujaim.

REP. NOUJAIM (74th):

Thank you, Mr. Speaker. And again, I'm very appreciative for the answer. So what we are saying in here, if a company does not pay their obligations, then the State of Connecticut must go to the Attorney General to ask for a lawsuit, and we know how many lawsuits the Attorney General has been bringing lately and in the past.

Does this mean that it's going to add more and more to the Attorney General's level of work and his heavy workload, and would the Attorney General be able to handle all of these new lawsuits and bring them to fruition and get the money from the employer?

Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, to the best of my knowledge the fiscal note doesn't even address the cost that the Attorney General might incur as a result of pursuing hypothetical people joining the plan and

hypothetically not paying, so I don't see any cost at all. Through you.

DEPUTY SPEAKER GODFREY:

Representative Noujaim.

REP. NOUJAIM (74th):

Thank you, Mr. Speaker. So through you, Mr. Speaker, this is an additional fiscal note that is not reflected in the Bill. Is that correct? This should be added in to the cost of this plan? Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, no, it's my opinion that it's sufficiently speculative, that the cost essentially is zero. Through you.

DEPUTY SPEAKER GODFREY:

Representative Noujaim.

REP. NOUJAIM (74th):

Thank you, Mr. Speaker. And Mr. Speaker, through you, and again, another synopsis, let us say that an employer does not pay and the Comptroller moves to terminate the contract with such employer. What happened to all of those poor employees who are

working now? Are they out of health insurance altogether? Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, I don't believe that the Bill addresses that issue, so whatever the current practice is in the market for people who do not pay premium, we would apply the same approach. Through you.

DEPUTY SPEAKER GODFREY:

Representative Noujaim.

REP. NOUJAIM (74th):

Thank you, Mr. Speaker, and through you, Mr. Speaker, from a practical experience and through my experience in business, yes, indeed, if an employer does not pay their invoices then the company would terminate them.

But in this case the company is a privately held company, or even a public company, but not the State of Connecticut. So now, all of a sudden we have a bunch of employees working for a small business and they have no insurance. No health insurance. No dental insurance whatsoever.

Now all of a sudden because of this Bill is enacted, the State of Connecticut has some liability, and through you, Mr. Speaker, what happens?

DEPUTY SPEAKER GODFREY:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, I'm not clear again that there is liability on the state as a result of a terminated employer, but I can't answer, other than to say I don't believe there's an obligation on the part of the state regarding terminated employers. Through you.

DEPUTY SPEAKER GODFREY:

Representative Noujaim.

REP. NOUJAIM (74th):

Thank you, Mr. Speaker. And through you, Mr. Speaker, if we are saying here that we want to provide health insurance plans to everybody, and all of those employees end up without any insurance plans, wouldn't the state have an obligation to do something about it?

Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, again, it's a contractual arrangement, so I'm not clear that the state currently has any responsibility for people whose employer goes out of business and they lack insurance, and I'm not clear on what obligations the employer has, although I would imagine the employer's got some obligation to those employees if they terminate coverage and don't provide insurance.

That again is something that is really outside the Bill. Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Noujaim.

REP. NOUJAIM (74th):

Thank you, Mr. Speaker, and that's exactly the question that I'm looking for.

Let us say again, from practical experience, I am the plan administrator where I work, so we do not pay our invoice. Right now we are dealing with XYZ Company. The State of Connecticut is totally and completely out of the loop insofar as our plan. The State of Connecticut has nothing to do, anything whatsoever with our plan.

So this Bill is enacted and we elect, I elect, the plan administrator for the little company I work

for, to enroll all the employees. So now the employees are enrolled in the plan, and we do not pay our invoices, but this Bill is implemented and the State of Connecticut, I presume, is guaranteeing the contract, even though it is with a third party contract.

But the State of Connecticut essentially is the contracting authority, not the little small company that I work with. So now, we have a bunch of employees who have no insurance and the State of Connecticut is looking and saying when XYZ Company now is not paying the bill, we are taking them out of the loop. However, the employees do not have insurance. What do we do in this case?

Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Fontana.

REP. FONTANA (87th):

Through you again, I think the gentleman's hypothetical is inexact. The state is not taking on the responsibility of providing healthcare to the small businesses' employees, regardless of whether the small business pays for the employees' healthcare or not.

It's a contracting entity just as an insurance company might be under current circumstances. If you don't pay, you don't get coverage. The state isn't accepting the burden of those employees regardless of whether the small business pays or not, so again, I think the gentleman's example, or hypothetical, is incorrect.

Through you.

DEPUTY SPEAKER GODFREY:

Representative Noujaim.

REP. NOUJAIM (74th):

Thank you, Mr. Speaker. Allow me to continue please, because I'd like to get to the bottom of this. That's fine.

And through you, if we are to enact this legislation, through you, Mr. Speaker, what would happen, and I really apologize if this question was asked before, what would happen to HUSKY A and B, what would happen to Charter Oak and what happens to other plans that are backed by the State of Connecticut and/or administered by the State of Connecticut? Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, the gentleman's question I don't believe was asked before. It has no effect on public health programs like HUSKY A or B, Medicaid or SAGA, and it only impacts programs that the Comptroller currently arranges or sponsors to the extent that she chooses to try to merge those plans with this plan. Through you.

DEPUTY SPEAKER GODFREY:

Representative Noujaim.

REP. NOUJAIM (74th):

Thank you, Mr. Speaker. So let us say, through you, that the Comptroller elects to merge all of these programs together, and hypothetically speaking, there is no HUSKY, there is no Charter Oak any longer, and there's only this one plan, and the employer does not pay. The employee is out of insurance. What do we do in a case like this?

Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, again, when the gentleman says all of these programs, I need to

reiterate that this Bill does not address HUSKY A and B, SAGA and Medicaid.

So by taking the example of MEHIP, if the Comptroller seeks to merge MEHIP in with this pool, nonpayment and termination would still pertain much as they do, if not exactly the way they do currently, for nonpayment and termination under MEHIP's existing rules.

Through you.

DEPUTY SPEAKER GODFREY:

Representative Noujaim.

REP. NOUJAIM (74th):

Thank you, Mr. Speaker. Mr. Speaker, I truly, truly appreciate Representative Fontana's answers, and one of the questions that was asked before, and I'm not sure I heard an appropriate answer for it. He may have given the appropriate answer, but we are talking about affordable healthcare and this is the sentence that I heard.

Affordable healthcare to state employees and retirees. What do we really mean by affordable healthcare? They are right now anyway insured, and the state, I am presuming, is paying the bulk of the cost.

So what do we really mean by affordable healthcare?

Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, the term affordable applies predominantly if not solely to those groups that we would seek to have join the pool on a voluntary basis if they choose to do so, municipalities, nonprofits, municipal employers and small businesses.

The gentleman is correct. We currently pay the cost of healthcare for state employees subject to their provisions of their insurance.

So the affordable aspect doesn't apply to them so much as to those other groups. Through you.

DEPUTY SPEAKER GODFREY:

Representative Noujaim.

REP. NOUJAIM (74th):

Thank you, Mr. Speaker, and through you, Mr. Speaker, if I may ask the good Representative, the Bill says that before it is implemented it's required written consent from state employees bargaining agent

coalition, canceling the current fully insured contract, which is set to expire in 2011 and negotiated and administrative services contract for the self-insured plans.

Now, what if we implement this legislation and we go to the appropriate bargaining agents and we say, we would like to cancel your contract. We would like to ask you to approve this for us, and they say no, we do not want to approve it. What happens in this case?

Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, then it will not happen.

Through you.

DEPUTY SPEAKER GODFREY:

Representative Noujaim.

REP. NOUJAIM (74th):

Thank you, Mr. Speaker. So all of this debate will just go by the wayside and then the Bill just does not go anywhere? Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, yes.

DEPUTY SPEAKER GODFREY:

Representative Noujaim.

REP. NOUJAIM (74th):

Thank you. And what happens if we go to the insurance company, Mr. Speaker, and we ask them that we're going to terminate the contract. Do we know how much of a burden, a financial burden the State of Connecticut must suffer?

Have we included this? I did not see it anywhere in the fiscal note. Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, I don't have nay information on that, but to the extent that the fiscal note is silent to that point, I would imagine that there is no cost.

Through you.

DEPUTY SPEAKER GODFREY:

Representative Noujaim.

REP. NOUJAIM (74th):

So if we cancel, through you, Mr. Speaker, so if we cancel the contract, we do not know if the companies with whom we are contracting now are going to charge us cancellation fees or do not charge us cancellation fees.

From my experience, if I am going to change a contract from an insurance company to another insurance company before the due date, then I usually pay a hefty fee. Would this not be the case? Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, I would expect that the issue of any cancellation fees, if they apply at all, would be subject to flexibility and negotiation.

To the extent that the insurance companies who currently provide our health insurance coverage would want to continue as third party administrators, my guess is that they would seek to negotiate the cancellation fee out of their arrangement in order to secure our business as third party administrators. Through you.

DEPUTY SPEAKER GODFREY:

Representative Noujaim.

REP. NOUJAIM (74th):

Thank you, Mr. Speaker. Mr. Speaker, please accept my apologies. I am putting you through a great deal of work right now, but I really appreciate --

DEPUTY SPEAKER GODFREY:

Not at all, Representative Noujaim.

REP. NOUJAIM (74th):

-- but I really appreciate your consideration. Thank you. And through you to Representative Fontana, I am looking at the costs associated and please tell me if I am wrong.

I am seeing that we are expecting that it would cost the State of Connecticut $69 million a quarter. We will have to endure extra costs because if we wish to have a stop loss insurance for individual claims exceeding a set dollar cost, the state approximately has to pay $10 million annually, and then it will be an additional cost if the Comptroller's office indicates the need for three additional staff positions, and they tell us what they are to the tune of $245,000 a year.

And fourth, the Comptroller may enter, this is on Line 289, the Comptroller may enter into contracts to

third party administration to provide them the stated services only for the self-insured plan set forth in the subdivision.

So we have four additional cost practices right now that I am seeing in this legislation, and in this tough economic condition, have we made appropriations for all of these monies that somehow have to be paid from the coffers of the State of Connecticut?

Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, the only appropriation that would be required, I believe, is the three positions that the Comptroller has requested and those are in the budget.

Through you.

DEPUTY SPEAKER GODFREY:

Representative Noujaim.

REP. NOUJAIM (74th):

Thank you, Mr. Speaker, and I presume through you, Mr. Speaker, these are the $245,000 a year that Representative Fontana is speaking about. Is that correct?

Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, yes.

DEPUTY SPEAKER GODFREY:

Representative Noujaim.

REP. NOUJAIM (74th):

Thank you, Mr. Speaker, and Mr. Speaker, through you, would the good Representative explain to me the additional cost that has been discussed right here in the legislation and also in the fiscal note that indicates $69 million every three months. Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, the estimate that the gentleman's referring to was contained in the fiscal note to the underlying file copy based on a limited three-month period of experience from last fall, when our claims experience was abnormally high.

Since then, our claims experience has returned to normal levels consistent with our experience over the

last decade or more, and we have actually come in below our estimates for the current year, meaning that had we been self insured this past year, we would be spending less on healthcare than we are as an employer (inaudible) basis as we are now. Through you.

DEPUTY SPEAKER GODFREY:

Representative Noujaim.

REP. NOUJAIM (74th):

Thank you. Thank you, Mr. Speaker, and through you, Mr. Speaker, if that $69 million is above average and above what is normally, what would the good Representative see to be a good average of spending, additional spending every three months on this legislation, if this legislation passes? Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, I thought I was trying to indicate our claims experience over the entire year actually is coming in below projections, including the three-month period, which served as the basis for an annualized estimate in the fiscal note to the underlying file copy.

Therefore, I believe we will actually do as well, if not better than our historical claims experience.

Through you.

DEPUTY SPEAKER GODFREY:

Representative Noujaim.

REP. NOUJAIM (74th):

Thank you, Mr. Speaker. And through you, Mr. Speaker, allow me to ask a question from experience and practice if I may.

I am reading through the legislation that there are three or four entities that are being considered as insurance carriers. One of those I have experience with that a while in the past declared bankruptcy and ceased operation and now they were able to restructure and come back.

If we, let us say, we have 20,000 employees enrolled with this specific firm for health insurance. Is there any possibility for them if they decide to declare bankruptcy, what would happen to all of those people who are insured and can no longer switch so fast from a company to a company? Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, let me just correct the gentleman. Again, if we're self insured, there won't be insurance companies for people to have their coverage through or with, who might then be in jeopardy if that company were to go bankrupt.

The state would contract with these entities as third party administrators. They would process claims on our behalf, but the claims are being paid, or would be paid, or will be paid by the state. Through you.

DEPUTY SPEAKER GODFREY:

Representative Noujaim.

REP. NOUJAIM (74th):

Thank you, Mr. Speaker. I'm very appreciative of all these answers because initially I did not fully understand it and the Representative's clarification is very, very much appreciated. I really appreciate that very much.

Just, it seems to me, Mr. Speaker, that we are entering into a situation that is going to require a great deal of effort on the part of the State of Connecticut, and I am worried about mismanagement of the State of Connecticut in this process.

I think the Comptroller is probably overwhelmed with too many issues and too many matters and to add more to it I think is going to make our process very, very cumbersome.

But I truly, truly appreciate Representative Fontana's answers and thank you for indulging me and allowing me to ask those questions, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Thank you, sir. The gentleman from Stratford, Representative Larry Miller.

REP. MILLER (122nd):

Thank you, Mr. Speaker. I would first like to start off by saying that the State of Connecticut has the best health insurance policy in the United States of America, and that's a fact, and I could attest to that.

The states that had, passed legislation to provide health insurance for their employees, many of them today are in trouble. Oregon, the lovely Lyle Gibbons talked about rationing health insurance. Well, Oregon is the first state in the nation to ration health insurance, and they have a plan that takes care of their employees through their state policy, self insured.

Utah is having problems. Minnesota, more control, less coverage. Maine. Maine is in trouble. They owe hospitals up there $374 million and they had some financial problems.

Massachusetts, Governor Romney put a bill in that would make their self-insured policy one of the best in the country. Well, they can't contain the cost of that program. It's one of the most expensive reforms in the nation.

Rhode Island is having problems in the Medicare area, and they're cutting programs. Tennessee, Maryland has problems. Texas plans to expand government control over all health plans.

Kentucky repealed their plan.

So from a national standpoint, most of the states that got involved in self insuring have major problems, and I have to ask Representative Fontana some questions, Mr. Speaker, through you.

DEPUTY SPEAKER GODFREY:

Please proceed, sir.

REP. MILLER (122nd):

And through you, Mr. Speaker, is there any limit to how much the plan would cover for annually? Is

there a limit to what the plan would cover in dollar amounts?

Through you.

DEPUTY SPEAKER GODFREY:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, we're not modifying or altering the existing package of benefits in any way in this Bill. Through you.

DEPUTY SPEAKER GODFREY:

Representative Miller.

REP. MILLER; (122nd)

So then, through you, we, there's no limit, and if we're not altering it I assume that there is no limit per disease as well. Would that be an accurate statement?

Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, we're not altering the existing comprehensive package of benefits in any way other than allowing the Comptroller to put the stop

loss coverage if she in her wisdom and judgment decides it's best for us in the state. Through you.

DEPUTY SPEAKER GODFREY:

Representative Miller.

REP. MILLER (122nd):

And through you, Mr. Speaker, we'd still allow people to go out of state for coverage?

DEPUTY SPEAKER GODFREY:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, no change.

DEPUTY SPEAKER GODFREY:

Representative Miller.

REP. MILLER (122nd):

And through you, Mr. Speaker, certain drugs like Valincaid and Revlin, they cost about $9,000 a month. Some insurance companies would call that experimental drugs.

Under the state's policy, would that be covered for our state employees? Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, as I understand it, it's possible that that coverage may have been phased out, but regardless, this Bill does not address benefits in any way, so it makes no changes to the benefits provided.

Through you.

DEPUTY SPEAKER GODFREY:

Representative Miller.

REP. MILLER (122nd):

And through you, Mr. Speaker, would this plan cover mental illness? If we have that now, would it still continue to cover that? Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, no change.

DEPUTY SPEAKER GODFREY:

Representative Miller.

REP. MILLER (122nd):

And through you, Mr. Speaker, privacy issues. Would the state ever intend to sell medical data to research companies? Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, the Bill does not address that in any way. Through you.

DEPUTY SPEAKER GODFREY:

Representative Miller.

REP. MILLER (122nd):

So through you, Mr. Speaker, that may be a possibility and I don't require an answer. I'm just making a statement.

Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, no, I don't believe the state sells medical data to research companies.

Through you.

DEPUTY SPEAKER GODFREY:

Representative Miller.

REP. MILLER (122nd):

Given the state's history of selling motor vehicle data, I don't have a lot of confidence in what the state would do given the fact that we're always in need of money, but again, that's strictly my opinion.

If, through you, Mr. Speaker, if the federal government were conducting a survey and requested data about our plan to evaluate all the policies in the country, we would be forced to send that data to the federal government.

Is that correct? Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, I don't know that, and this Bill does not address that in any way.

DEPUTY SPEAKER GODFREY:

Representative Miller.

REP. MILLER (122nd):

Thank you. Through you, Mr. Speaker, would this plan cover lung transplants? If that's being covered now under some of our policies, it would still be continued under a state plan? Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, no change.

DEPUTY SPEAKER GODFREY:

Representative Miller.

REP. MILLER (122nd):

In the event, through you, Mr. Speaker, an individual needed a stem cell transplant, and the person opted to go to a hospital where they did tandem transplants. A lot of companies don't cover that, and I'm just wondering if the state would cover such a procedure, a tandem transplant, which is twice the cost of a single one.

Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, again, the Bill makes no changes to our current package of benefits. Through you.

DEPUTY SPEAKER GODFREY:

Representative Miller.

REP. MILLER (122nd):

Okay. And through you, Mr. Speaker, would we have employees who would be familiar with reading doctors' reports or a medical report that would be not subject to errors, that might cost a payment to that individual because of the person's inability to

reconcile what has been given to them by the doctor or the hospital?

Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Fontana.

REP. FONTANA (87th):

Mr. Speaker, I'm not sure of the gentleman's question, other than to say that our third party administrator would ensure that typical issues of over billing, fraud, down coating, bundling, all those kinds of things would be addressed through the third party administrator.

Through you.

DEPUTY SPEAKER GODFREY:

Representative Miller.

REP. MILLER (122nd):

The reason I ask that, through you, Mr. Speaker, is because one state did have an individual who misread a report and it ended up costing that state an additional $135 million. That was just a comment, Mr. Speaker.

And through you, Mr. Speaker, often people will have to have a series of tests, and they're quite expensive. For instance an MRI, maybe a four-hour

stint in an MRI, which starts to add up. On top of that maybe a PT scan, or CT scant. Would that individual have any problem submitting bills to the state for payment?

Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, no change.

DEPUTY SPEAKER GODFREY:

Representative Miller.

REP. MILLER (122nd):

And through you, Mr. Speaker, and if that individual was already having problems with some of the state policies, would that also be a no change with the state covering the insurance? Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Fontana.

REP. FONTANA (87th):

Actually, Mr. Speaker, it's possible it could be better. Because if we don't have to deal with an insurance company making decisions in the middle, just simply administering our plan the way we want it

administered, it could actually be improved. Through you.

DEPUTY SPEAKER GODFREY:

Representative Miller.

REP. MILLER (122nd):

Through you, Mr. Speaker, I think that's a great statement. I love that. Certainly, I don't want to say I'll be the beneficiary of that, but that's great to hear.

And again, lastly, no more questions, but again, I just again state, the State of Connecticut has the best health insurance plan in the country. There's nobody better than us.

To go into a self-insured plan, establish a whole bureaucracy and possibility of errors when bills are submitted, people who may not be that well informed with, there's so many different diseases and new drugs, quite often there could be errors, so savings could really turn into additional costs.

I'm a big fan of our insurance plans. I've been a beneficiary of them. They're wonderful. They're fantastic. Again, the best in the country.

I don't know why we're fooling around with this. A lot of uninsured people are uninsured because they

desire to be uninsured. We're going to maybe put a burden on the taxpayers to cover people who don't want insurance through a state plan if we force, or if we open it up to say, some businesses who may have the type of business that is exposed to a lot of accidents and a lot of areas where claims may be made on the state.

So I'm not sure there's going to be a big savings with this thing. Again, I'm not in favor of it. I think what we have is good. Sometimes you can't see the forest for the trees. I'm not going to mention any gazelles or elephants, but I want to thank Representative Fontana, as always, a good job, and I thank you, Mr. Speaker, for allowing me to make my case.

DEPUTY SPEAKER GODFREY:

Thank you, Representative Miller. The other gentleman from Stratford, Representative Harkins.

REP. HARKINS (120th):

Thank you, Mr. Speaker, I know it was not prepared that I spoke after the other Representative from Stratford, it just so randomly happened.

Representative Fontana and myself have served on the Insurance Committee for years. This is the first

year since I have been serving up here that I am not on that Committee, and I assure you, Representative Fontana, it has nothing to do with you being the Chairman by any means, but I congratulated you on that heavy load of task.

One of the challenges we always had on the Insurance Committee though, was to try to provide good benefits to people or seek ways that insurance can be provided to people at affordable costs. Sounds hard to believe, especially here in Connecticut, but that debate did occur on the Insurance Committee.

One of the concerns I have, or I always had, was the fact that we didn't offer enough choice. Maybe a mandate-like type policy, offer policies to people that might suit their particular needs as opposed to some of the comprehensive products that are out there.

The comprehensive products are good. They should be offered. Most of us enjoy them here as state employees or State Legislators, but when it come down to cost, I think that's one of the main concerns we have.

When you talk to people in business, even people in nonprofits for that matter, they start talking about the cost of doing business in Connecticut.

You know, years ago it was workers' compensation. Taxes is always a big topic. More recently, it's utility costs. And of course, now all we hear about is, well, it's the cost of insurance.

Unfortunately in Connecticut, all those costs are a reality. Look at our growth here as a state. The people we talk to now that are concerned, they're thinking about moving out. They're re-evaluating plans for expansion, whether they even want to relocate a business here any more. Others are planning, actually, an exit plan, which is quite frightening.

So today we stand here and we're talking about going to a self-insured plan as opposed to what we've had in the past, a fully-insured plan.

Years ago we did have a self-insured plan and the cost got out of control, and that was during some poor fiscal times in our state, and that's when we went to a fully- insured plan. Now we're going back to a plan that actually failed us years ago.

Moving from a fully-insured plan to a self-insured plan is not going to reduce healthcare costs. The true healthcare costs actually come into play when you manage the plans and you actually change the

benefits that are being offered. That's where the cost savings are going to be.

We heard earlier about a pool, and Representative Hetherington was talking about some animals at an oasis or a Serengeti, I don't know where it was, but it was a pool and they were drinking.

When I look at that pool, I look at it as a game of Marco Polo. We have our eyes closed. We don't quite know where we're heading. We have some pretty good intentions, but we don't know where we actually are in terms of costs.

The fact that there was no actuarial analysis to this proposed plan should be a concern to all of us. The fact that there was no claims experience data that was reviewed should be a concern to all of us.

The people who are in business, and they make a decision, one of the things they want to have is data. They want to make sure they have the proper information in front of them so they can make the best decision possible that would suit their business or their clients.

Well, if you took that in government terms, I guess you could say the clients would be our taxpayers in the State of Connecticut, and our business would be

providing health benefits or seeking a way to better manage a way to provide health benefits.

I think we're setting a dangerous precedent by heading into an area with our eyes closed. We don't have the information. We don't have the data. This is on the verge of irresponsible.

The fact that OPM has already stated that, they gave testimony to the effect that we could be looking at a potential loss in the next fiscal year of approximately $70 million should be a concern to all of us.

I don't even know whey we're doing this Bill right now when we don't even have a budget. We're looking at adding expenses to a state that's bleeding red ink and dollars and we're looking to add another program that hasn't been thoroughly vetted and is going to potentially cost us millions of dollars. That's only in the first year. What about years two and three?

My phone hasn't exactly been ringing off the hook either, by small businesses and chambers of commerce saying you need to adopt this program. They're looking to save money. They don't want to spend more money.

Even if they were able to get into this plan and maybe save a few dollars, what's happening on the back side? If the State of Connecticut is running in the red, and this program is actually bleeding millions of dollars, where are we going to make it up? There's no reserve account. That was left out of here, too.

So we're going to have to go to the general fund. It's almost like a Ponzie scheme, you know, we're going to offer you something up front and they're going to take it from the back end. We're going to raise your taxes because we need to make up the difference in the general fund. How sincere is that?

People are out there clamoring, pleading for affordable healthcare, and not only we won't give it to them, we then come up with a proposal such as this and say, here you go. But this is the cost.

Where are the cities looking to get on this? I know a few that endorsed it, but they're not willing to participate in it. I find that interesting.

There's another statistic saying that 85 percent of dues paying members of chambers of commerce don't endorse this plan. Aren't those supposed to be the very same people that we're trying to help?

If they're not endorsing this, the question is begging to be asked, why? I suspect it's cost.

Other things that aren't addressed when we talked about the pool and everyone's in it and isn't this wonderful, we left out the fact that there's regional costs in the state.

For example, it costs more to have insurance in Fairfield County than it does in Hartford County or New London County. So now we have other portions of the state now subsidizing premiums for people in other regions. Is that fair to the taxpayers? According to this Bill, to the proponents of the Bill, I guess so. I don't think it's fair.

I have yet to see any real mechanisms in this Bill that are going to actually save or reduce costs, and that's a concern.

Mr. Speaker, a question to the proponent of the Bill as amended?

DEPUTY SPEAKER MCCLUSKEY:

Please proceed, sir. Representative Fontana, prepare yourself.

REP. HARKINS (120th):

Representative Fontana, given the state of affairs in the State of Connecticut right now, and the

fact that we're running rather large deficits, not only in this fiscal year but in the next biennial year, OPM has stated that they're looking at an increase of about $70 million in costs. Why is this Bill being proposed at this time as opposed to waiting until we actually have a budget in place and we're going to know where we are financially?

Through you, Mr. Speaker.

DEPUTY SPEAKER MCCLUSKEY:

Representative Fontana.

DEPUTY SPEAKER GODFREY:

REP. FONTANA (87th):

Through you, Mr. Speaker, I don't know where the gentleman gets his estimate of OPM's estimate of the cost. As I indicated, the Bill will save the state a one-time amount of $70 million, an ongoing amount depending upon whether we purchase stop loss coverage or not of $10 million to $20 million a year. That's why we're doing it, number one, is because it's not only the right thing to do, it will save us money doing it.

Through you, Mr. Speaker.

DEPUTY SPEAKER MCCLUSKEY:

Representative Harkins.

REP. HARKIINS (120th):

Those cost savings, how are you projecting those cost savings? Through you, Mr. Speaker.

DEPUTY SPEAKER MCCLUSKEY:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, the $70 million occurs by taking back from the companies who fully insure us currently, the tail, if you will, of the incurred but not reported claims that we will have through the end of time because we will stop paying premium right away, but we will not incur sufficient claims to cost us the amount of money that the premiums entail.

Therefore, we will save $70 million. By removing the risk charge and the profit, in particular, Mr. Speaker, from what we pay the insurance companies, we can then save the ongoing amount of $10 to $20 million.

Through you.

DEPUTY SPEAKER MCCLUSKEY:

Representative Harkins.

REP. HARKIINS (120th):

Those numbers that you're estimating, how did you come up with those numbers? Through you, Mr. Speaker.

DEPUTY SPEAKER MCCLUSKEY:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, those are numbers submitted to us by the Comptroller and processed through the Office of Fiscal Analysis. Through you.

DEPUTY SPEAKER MCCLUSKEY:

Representative Harkins.

REP. HARKINS (120th):

Mr. Speaker, it was my understanding that the Comptroller actually projected a 5.9 percent increase in costs. In addition to that, why wasn't actuarial studies prepared on this proposal?

Through you, Mr. Speaker.

DEPUTY SPEAKER MCCLUSKEY:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, again, the 5.9 percent the gentleman cites was from the underlying Bill based on a limited amount of time that was abnormally high in terms of claim experience.

The overall year experience that we've had this past year, including that period, is actually below our usual, normal, or ongoing rate of experience. So

we're actually doing better than usual despite that spike over that three-month period. Through you.

DEPUTY SPEAKER MCCLUSKEY:

Representative Harkins.

REP. HARKINS (120th):

Mr. Speaker, this is part of my concern is, it seems like we're rushing into this. We don't have the data in front of us. We clearly haven't done the homework. We're heading into, we're actually in a declining economy. We don't have a budget, and now we're looking at a large program, which quite frankly isn't looking like it's going to give us any cost savings. It's going to cost us money.

Chambers of commerce aren't for it. Small business isn't for it. Cities don't want to opt into it, although they are supporting it, which I find kind of odd.

And we're pushing this self=-insured plan in Connecticut right now. I think the timing couldn't be at a worse time. People are actually looking for help as opposed to coming up with this. It looks like a bureaucratic mess.

We should be looking at ways to actually save money in insurance policies and managing care,

offering people those choices, which we aren't doing. We refuse to do it.

Instead, we want government to come in, run a program. I think everyone's fear is, you know, this is going to end up like some other bureaucracy in the state. You're going to be waiting in line. They may lose your records. Representative Miller had spoken earlier about possibly selling data or information.

One of my colleagues in the Chamber said it actually happened to them, and now you have a bureaucrat running your health insurance. Oh, what a wonderful day in Connecticut.

One of the other items I had noticed was last year a similar Bill like this had emerged out of the Labor Committee.

Through you, Mr. Speaker, to the proponent of the Bill as amended, has this Bill been to the Labor Committee?

Through you.

DEPUTY SPEAKER MCCLUSKEY:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, the Bill actually hasn't been amended yet, although I look forward to

the gentleman's support for amending the Bill when we go to a vote.

As to whether it's been referred to the Labor Committee or not, I don't believe that it has, but I'd have to check. Through you.

DEPUTY SPEAKER MCCLUSKEY:

Representative Harkins.

REP. HARKINS (120th):

Mr. Speaker, actually a Point of Order. Is This amendment properly before us? Looking at Section 9 of the amendment, it actually refers to state employees bargaining agent coalition and a written consent to the Clerks of both Houses of the General Assembly to incorporate the terms of Sections 2 to 7 inclusive of this act, (inaudible) collective bargaining agreement.

Mr. Speaker, I believe that this needs to go to the Labor Committee.

DEPUTY SPEAKER MCCLUSKEY:

The Chamber will stand at ease.

(Chamber at ease.)

REP. HARKINS (120th):

Mr. Speaker.

DEPUTY SPEAKER MCCLUSKEY:

Representative Harkins.

REP. HARKINS (120th):

Seeing that the amendment hasn't been adopted, I'd like to withdraw my Point of Order at this time.

DEPUTY SPEAKER MCCLUSKEY:

Thank you, sir. Will you remark further?

REP. HARKINS (120th):

Mr. Speaker, I just want to echo my concerns. We all want to have health insurance available to our citizens in Connecticut. It's something that we all share, regardless of the districts or towns or cities that we're from.

In a way, I feel as though this is a cruel way of doing it because we're dangling something in front of them that they may not actually be able to afford and cost them more money down the road.

I compliment Representative Fontana on working toward insurance initiatives and trying to get that healthcare available to its citizens, but I just think we can do it in a better way, a more thoughtful way, a more educated way by gathering all the proper data, going through the exercise of looking at the numbers

that by the way private insurers do all the time, and business does.

This is the taxpayers' money we're talking about, particularly in a time with the declining economy. I think more than ever we should be doing that very homework.

Thank you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

The gentleman from Watertown, Representative Williams.

REP. WILLIAMS (68th):

Thank you, Mr. Speaker, and good afternoon. Mr. Speaker, a few questions, through you, to the proponent of the amendment, please.

DEPUTY SPEAKER GODFREY:

Please prepare yourself, Representative Fontana, and please proceed, Representative Williams.

REP. WILLIAMS (68th):

Thank you, Mr. Speaker. And through you to Representative Fontana, I know that this issue has been touched on, but I am curious how many other states have set up a similar pooling proposal?

Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, to answer the gentleman's question, currently as I understand it, 24 other states allow their municipal employees to join the state employee plans in those states. I could read them off to you. The ones I picked earlier were the three near us, Massachusetts, New York and New Jersey. Through you.

DEPUTY SPEAKER GODFREY:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Mr. Speaker. No need to read the names of the 24 stats that have a similar pooling proposal.

Of those three states that are near us that have a similar pooling law, does Connecticut's go farther than those three states? Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, I believe I tried to indicate earlier, but there are, like I said, a number of states that currently include municipal employees

with their state employee plans, or in their plans and pools.

We do not have information, I believe currently, on other states that may allow nonprofits, municipal employers, related employers or small businesses to join their state and plan, so I don't believe we have examples currently of others, although we will try to find them for you. Through you.

DEPUTY SPEAKER GODFREY:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Mr. Speaker, and through you to Representative Fontana, in Line 303 of the amendment, the definition of a municipal related employer includes any property management business.

Through you, Mr. Speaker, could Representative Fontana define or explain what a municipal, I'm sorry, what a property management business would be in terms of this legislation?

DEPUTY SPEAKER GODFREY:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, I don't know offhand. That's a term that we developed to try to encompass

those businesses that do business with their municipal governments, and therefore then would have a role to play in contributing to a municipality's cost.

I would expect that there could be any number of, again, I don't have an example for the gentleman offhand. I could try to find one for him. Clearly, he and I can envision food service businesses or school transportation businesses more easily than we can envision property management businesses. Nevertheless, I will try to find one. Through you.

DEPUTY SPEAKER GODFREY:

Representative Williams.

REP. WILLIAMS (68th):

Well, thank you, Mr. Speaker, and through you to Representative Fontana. Certainly when we think of a property management business I often think of an organization that manages residential units or commercial units on behalf of a property owner.

I'm wondering, through you, Mr. Speaker, could that also be defined as a private landscaper, for example, or a trash hauler that has a contract with a school district or a municipality. Perhaps it has more than 50 employees, but may fall under the

definition of a property management business. Through you, Mr. Speaker.

I'm sorry, through you, Mr. Speaker, would that fall under the definition, perhaps, of a property management business?

DEPUTY SPEAKER GODFREY:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, that's an excellent question and I can't say that I have developed an answer, a specific answer on that point, so I can't tell him whether it would or would not be included.

I can tell him that the idea behind that definition, 303 to 305, was to capture those businesses that have a significant relationship, contractual relationship with a municipality and therefore contribute in some small or large way to the cost to the municipality then passes it along to its taxpayers in the form of property taxes.

The idea there is to leverage this pool to include those employers as a means of further reducing municipal healthcare costs insofar as they're paying the healthcare costs of those companies with whom they do business.

Clearly, the focus of the Bill has been on, as far as the municipalities are concerned, doing with their employees and reducing their employees healthcare cost because they are significant and they do go directly to property taxes.

Beyond that, the goal there was the definition of municipally related employer, is to capture those classifications of categories of businesses that on a regular basis do business with municipalities, and therefore one could envision having significant healthcare cost.

Certainly as the gentleman and I have discussed, food service businesses and school transportation businesses are very easy to envision. At this point, I can't say for certain what would or would not constitute property management business, and I apologize. Through you.

DEPUTY SPEAKER GODFREY:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Mr. Speaker, and I guess I just wanted to be clear through that previous question that it is not the intention of, in fact it is goal of this legislation to include businesses such as a landscaper

or somebody else who does even the remote business with a school district or a municipality. Is that correct?

Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, a landscaper does business with a municipality, has a contract to do so. We're certainly not excluding them explicitly under this definition, and to the extent that they could make a case to the municipality and then ultimately to the Comptroller that they are in fact a municipally related employer under the terms of this Bill or law, then I should think that they would have the opportunity to join.

Beyond that though, I would actually like to make a point, Mr. Speaker. That is, a private landscaper, whether or not he and his company or she and her company are municipally related employers, are most likely small businesses, unless they have more than 50 employees, in which case they would be eligible to join the pool under the small business provisions and

the small business definitions, not necessarily the municipally related employer provisions.

And the only effect of that would be to delay their possible inclusion in the pool by six months. So unless the private landscaper or the other business entity as Representative Williams indicated had in excess of 50 employees, they would be eligible under the Bill either under the municipally related employer definition or the small business and employer definition, and the only difference would be the date on which they could seek inclusion to the pool. Through you.

DEPUTY SPEAKER GODFREY:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Mr. Speaker, and through you to Representative Fontana, Lines 311 through 312 of the amendment define what a non-state public employee is, and that includes any employee or elected officer of a non-state public employer.

Through you to Representative Fontana, would the definition of non-state, I'm sorry, elected officer of a non-state public employer also include a volunteer town council member or selectman who is paid by, I'm

sorry, who is not paid for their service but is what would appear to be an elected officer of a non-state public employer.

Through you.

DEPUTY SPEAKER GODFREY:

Representative Fontana.

REP. FONTANA (87th):

Mr. Speaker, I would expect that they would be eligible only because that they are currently eligible for healthcare to the municipality. Through you.

DEPUTY SPEAKER GODFREY:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Mr. Speaker. I guess I'm a little bit unclear, though. If defining, the statute or the amendment rather, defines an elected officer, saying an elected officer of a municipality, essentially can be considered a non-state public employee. Am I incorrect in my assumption on that? Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, the Bill speaks to the ability of an employer to seek coverage for its covered employees. It would depend really on the pool of insureds that the employer would seek to bring to the state for inclusion in the pool.

It would really depend upon the employee's or the elected officers that the non-state public employer would seek to bring to the state for that purpose.

Whether or not an elected officer of a community would or would not be included, it seems to me would be a matter for the municipality to resolve itself.

Through you.

DEPUTY SPEAKER GODFREY:

Representative Williams.

REP. WILLIAMS (68th):

Well, thank you, Mr. Speaker. So just to be clear on that, could the city council in Bridgeport, the, I believe, if I'm incorrect, the board of selectmen in North Haven or the town council in Watertown, elect to have themselves covered as unpaid elected officers of that community, could they elect or choose to have themselves included in the pool simply by, you know, a vote of their council or board of selectmen despite the fact that they are not a

H – 1053

CONNECTICUT
GENERAL ASSEMBLY
HOUSE

PROCEEDINGS
2009

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5247 – 5598

physical employee, an actual employee, a paid employee of that municipality? Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, I was reviewing the language of the amendment. Could the gentleman please restate his question.

DEPUTY SPEAKER GODFREY:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Mr. Speaker, and through you to Representative Fontana, just a clarification on your answer.

Could a city council in Bridgeport, a board of selectmen, I believe that's what you have in North Haven, or a town council in Watertown choose to include themselves in the pool by a vote of the city council, board of selectmen or town council, despite the fact that they are not actually employees of the community.

I mean, many of our small towns in Connecticut have elected officials who serve in a volunteer capacity or maybe with a small stipend.

So could those individuals possibly be included in the pool? Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, the gentleman references my Town of North Haven, and since I am a local elected officer, perhaps I can shed some light on this.

The Town of North Haven provides health insurance to the first selectman, the town clerk/tax collector, and I believe those are the only two elected officers in the town who are paid full time for their services and are covered under the healthcare plan.

If my colleagues and I on the board of selectman who are not the first selectman wanted it, I suppose we would go to the first selectman and say, we'd like to be included. My guess is, he would say well, you're not being paid. Well, we are being paid, actually, but you're not part of the healthcare plan currently, so we are not going to include you in our application.

That would then be a matter for the elected officers then to deal with the town on, whether or not they can get included or not.

Again, I don't see it as a problem, necessarily, but one that the municipalities could resolve.

Through you.

DEPUTY SPEAKER GODFREY:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Mr. Speaker, and I thank the gentleman for his answer on that.

Moving on, just for clarification purposes and not to beat a dead horse, but this legislation that's before us in the amendment contemplates one pool. Is that correct?

Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Fontana.

REP. FONTANA (87th):

Through you, yes.

DEPUTY SPEAKER GODFREY:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Mr. Speaker, and in Lines 553 through 554 it indicates that the Comptroller may charge each employer participating in the state plan an administrative fee calculated on a per member per month basis, and in addition, the Comptroller may charge a fluctuating reserve fee if the Comptroller deems necessary to ensure adequate claim reserves.

Could Representative Fontana explain the practical nature of those lines? Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, thank you. We will be creating one aggregate pool of insureds and of reserves that will be sufficient to cover the claims incurred by the entire pool.

Fully insured claims typically charge their customers a premium that includes these four components, claims, administrative costs, profits and reserves.

The state pool or the self-insured public plan, won't make any profits, but it will charge its

customers sufficiently to cover the other three components, claims, administrative costs and reserves.

The Bill acknowledges this fact by itemizing or breaking out the components for organizations that would seek to join the state pool to identify for them those elements that will be factored into their premium equivalent. Therefore, it identifies that their premium will include, or premium equivalent may include, or will include, an administrative fee as well as a fluctuating reserve fee. Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Mr. Speaker, through you to Representative Fontana, I had been under the impression that the idea here was that everybody ascertains the benefits that we as Legislators and state employees enjoy through our very generous health plan, and I was also under the impression that the idea was that everybody pays the same.

Is Representative Fontana indicating that that assumption is incorrect? Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, no, everybody does not pay the same. In order to ensure that this program does not cost the state anything, applicants to join the pool must pay not only the cost of the care itself, but also their share of the administrative costs and the reserve fee.

In addition, I believe when it comes to small businesses, the Comptroller is entitled to essentially reflect or use modified community rating provisions to adjust the premium charged to those small businesses.

So it is not true that everybody will be paying the same. Through you.

DEPUTY SPEAKER GODFREY:

Representative Williams.

REP. WILLIAMS (68th):

Well, thank you, Mr. Speaker. And in Lines 545 of that same section, it indicates that a separate non-lapsing account will be created. Is that for this purpose?

Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, yes. It's to collect all of the dollars provided by those who would seek to purchase into the pool. Through you.

DEPUTY SPEAKER GODFREY:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Mr. Speaker, so just for clarification and legislative intent purposes then, the lines that we referenced earlier, Lines 553 through 557 would not indicate the creation of a separate pool.

Is that correct? Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, that is correct.

DEPUTY SPEAKER GODFREY:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Mr. Speaker. Lastly on this issue, it seems that the, certainly the intent or the practical effect of what we've been discussing here, the intent would be to protect the state from increased costs.

Is that correct? Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Fontana.

REP. FONTANA (87th):

Through you, yes, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Mr. Speaker. Thank you, Mr. Speaker. Through you to Representative Fontana, what is the average cost for a family of four to be enrolled in the State of Connecticut Health Program? Through you.

DEPUTY SPEAKER GODFREY:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, I'll have to check. I believe I have that information here, but I'm going to have to look through my material. Through you.

DEPUTY SPEAKER GODFREY:

Take your time, Representative Fontana.

REP. FONTANA (87th):

Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, as I understand it, there are several different plans and of course there are three different providers, so it's difficult to identify one set cost for a family of four, depending upon benefit plan design and provider, but according to my information, a family and unfortunately, the family is undefined, would cost under one of the most popular plans, the Anthem State Blue Care Point of Enrollment Plan, $15,838.52.

Through you.

DEPUTY SPEAKER GODFREY:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Mr. Speaker. My intention wasn't to quiz Representative Fontana. I was leading to a point, so I appreciate the answer.

Would the cost, the average cost for that family, would that cost decrease at all, the cost to the state, I should say, or the average cost.

Does Representative Fontana indicate that that cost would decrease at all under this proposal?

Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, it could well decrease. We haven't quantified that because again, we're not clear on whether, how many would join the pool and how their experience would help to reduce the cost, but as I said at the outset, the principle pertains. The bigger the pool is, the more stable it is, the less risk, the less volatile it is, and the ability to spread administrative costs across a larger and larger pool of insureds, the ability you have to reduce the cost for a participant.

So between the ability to reduce costs in that fashion, and implement prevention and wellness initiatives, we believe that this will lead to lower costs.

Through you.

DEPUTY SPEAKER GODFREY:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Mr. Speaker, and through you to Representative Fontana, the amendment before us contemplates a healthcare cost containment committee.

Could Representative Fontana explain for the benefit of the Chamber, what the purpose of the healthcare cost containment committee would be?

Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, the Bill does not create a healthcare cost containment committee, it references a pre-existing committee. I believe it was created in the mid-1980s as a joint state collective bargaining unit entity to review healthcare cost experience for state employees, dependents and retirees, and then make recommendations as to how to improve it or administer it.

So it's a pre-existing committee, which we then reference in the amendment and the Bill, to include them in making decisions about how best to manage the pool going forward. Through you.

DEPUTY SPEAKER GODFREY:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Mr. Speaker. I didn't catch that in the amendment. I appreciate the answer.

Through you, Mr. Speaker to Representative Fontana, does this Bill contemplate any way to control or reduce the actual cost of healthcare?

I understand that we are moving patients around, moving customers around. Does it reference any way to control the actual cost of healthcare as a way to reduce our rates? Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, it doesn't specify a particular dollar amount or timeframe so much as open the door, if you will, to a key feature of self-insured plans, which I think if we could ask them, the health benefit plan administrators of our largest corporations in the state would agree is a key feature of self insurance, which has greater flexibility and control over health claims, or healthcare cost utilization, healthcare utilization on medical claims data, as well as implementing prevention, wellness and healthcare management initiatives, all of which are geared toward reducing costs, but which under the current fully insured model, we have difficulty fully implementing. Through you.

DEPUTY SPEAKER GODFREY:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Mr. Speaker. And through you to Representative Fontana, the purpose of this legislation that's before us clearly, or the stated intent of this legislation is to increase access to affordable healthcare to people who may not have it.

Through you to Representative Fontana, I'm curious from a philosophical perspective, why it is that we are focusing heavily on moving municipal employees and other employees of government oriented agencies who may now have pretty good healthcare, why are we focusing on moving them into this pool?

And I understand that small employers with 50 or less employees are included in this as well, why is the focus not on everybody in the private sector, or everybody who may not have a job, because those individuals would not necessarily seem to be covered under this pooling legislation.

It seems to me that our focus is on moving city and town employees into the pool, nonprofits and potentially small businesses, but why is the focus on moving those people who already have quality

healthcare into the pool rather than on all of those people who may not have access to it and who may not benefit under this proposal?

Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, because the focus is on, first and foremost, reducing the cost of healthcare and health insurance for those who currently have it, particularly as they relate to people who are being forced to pay higher and higher property taxes as a result.

Clearly, as we've indicated, a number of states do this already. We're not reinventing the wheel. We're just simply copying what could be considered a good practice.

Beyond that, we find that we have business as a state with a lot of nonprofits, and we look for ways to try to help them contain their costs.

Beyond that, small businesses unfortunately do not have the same access to affordable quality health insurance that large employers do. If we were able to bring in a couple of people such as the landscaper, my

guess is that the private landscaper is not offered a plethora of opportunities that United Technologies or Electric Boat has offered. He has simply a much smaller pool, and his business is not as lucrative, frankly.

So what we found is, that small businesses have difficulty either leveraging the self insured approach, or using their bargaining power to achieve in the fully insured market, the benefits that larger employers can reap for themselves.

It's a method to try to give them that ability to leverage the strength of a larger pool that also provides quality coverage. Through you.

DEPUTY SPEAKER GODFREY:

Representative Williams.

REP. WILLIAMS (68th):

Well, thank you, Mr. Speaker. So would it be fair to say that Joe the landscaper who has a, who may have a few employees and has access to very expensive and maybe a lower quality healthcare, would benefit from this legislation, but someone who works at Wal-Mart, JC Penney, other large corporations who may have no health care at all or extraordinarily low quality healthcare, no offense to companies referenced, but

those two individual companies have a lot of employees, so they would not be able to benefit from This amendment, which I assume will become the underlying Bill. Is that correct?

Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, the focus of the Bill is to help those who have the most difficult time getting quality affordable healthcare, as well as those who by their, or through their purchase of healthcare, contribute to the taxes that we as citizens of the State of Connecticut pay, either in our property taxes locally, or in our income, sales and other taxes at the state level.

And just by the way, Mr. Speaker, Wal-Mart is self insured, by the way, so you can add them to the list of people who are self insured and don't need the benefits of this Bill. Through you.

DEPUTY SPEAKER GODFREY:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Mr. Speaker, so that Representative Fontana would not indicate that this is something that is designed to help those individuals, is not designed to help increase the quality of access to those types of individuals, maybe Wal-Mart being a bad example, but employees of large organizations.

This Bill is not designed, nor is it intended to help those individuals. It is designed to help the individuals that he referenced. Is that correct?

Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, yes. It is designed to help small businesses, nonprofits who also tend to be small businesses although some are not, and municipal employers, as well as to help us at the state save money.

Through you.

DEPUTY SPEAKER GODFREY:

Representative Williams.

REP. WILLIAMS (68th):

Well, thank you, Mr. Speaker. I thank the gentleman for his answers.

I reluctantly rise to oppose the amendment. Having been a Member of the Insurance Committee for a few years now, it has become painfully obvious to me that the way that we need to attack our healthcare crisis is not necessarily to rearrange the deck chairs on the Titanic or move people who have access to healthcare into a pool that may increase the quality of their particular healthcare.

But the real way that we need to attack this is to control the cost of healthcare. You know, I recall Senator Cook had an example, former Senator Cook had an example dealing with health insurance mandates. And we here in this Legislature regularly pass self-insurance mandates that I think by and large increase the cost of healthcare.

Oftentimes we're okay with passing those mandates because we feel there's a good medical benefit that comes out of that legislation, but oftentimes we don't contemplate the cost of those particular mandates.

And so, when you look at, for example the example that Senator Cook gave a few years ago, I had told time and time again, I believe it was the Town of North Stonington that was in the Anthem Rhode Island Healthcare Plan.

I think it was the teachers and their administrators were on the Anthem Rhode Island Healthcare Plan, and for a variety of reasons the Attorney General of Rhode Island said, you know, you're not supposed to be here. You're actually in Connecticut. You need to move over to Anthem Connecticut, and when they moved their health insurance costs increased 35 percent or 40 percent. I can't remember the exact percentage but they increased 35 percent or 40 percent.

No surprise that Connecticut at the time had, I think 54 health insurance mandates on the books versus Rhode Island had somewhere in the vicinity of 14 or 15 health insurance mandates.

I truly believe that the way to resolve our healthcare crisis is to contain costs and implement measures that allow us to control the cost of actual healthcare, not to move people around in different pools, but to actually reduce the cost and increase availability to all of our citizens.

As Representative Cafero said earlier, there's nobody who believes that we should not have access to healthcare, that everybody should have access to healthcare.

The question is, how do we do it? I'm very concerned about the costs that are considered in This amendment, which again, I assume will become the underlying Bill, and I urge rejection of the amendment.

Thank you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Thank you, sir. The gentleman from Shelton, Representative Perillo.

REP. PERILLO (113th):

Mr. Speaker, thank you very much. I'd like to continue with the discussion about cost containment, and specifically as it pertains to wellness programs, and if I can try to remember back to about three hours ago or so when we started this debate, I know there was some discussion about wellness programs and the administration of such programs.

And I also know that many health insurers actively implement wellness programs and prevention programs for their beneficiaries. They do it not only because it's good for health and good for the betterment of their participants, but it's self-serving, too, because a healthier beneficiary is

generally a beneficiary who is not going to utilize healthcare to a very high degree.

So a question for the proponent, if I may, through you, Mr. Speaker.

If the intent of this Bill is that the State of Connecticut is going to be able to continue, not continue, we don't do it now. If the State of Connecticut is going to implement wellness programs, how would we do that is my first question? And there's probably a series of a few more after that. Through you, sir.

DEPUTY SPEAKER GODFREY:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, I don't believe there's a specific mechanism contained within the Bill, so at this point I can't answer with specificity. Through you.

DEPUTY SPEAKER GODFREY:

Representative Perillo.

REP. PERILLO (113th):

Thank you, Mr. Speaker. So as I said, wellness programs and prevention programs are something that we often see championed and implemented and administered

by health insurance companies, typically those health insurance companies that are at risk, and the goal of those programs and the end result of those programs is that they improve overall health of the pool of beneficiaries, and they also concurrently, concomitantly bring down the cost of healthcare.

If that is being done by health insurance companies in the State of Connecticut as we now contract with a few of them, is there not going to be a gap in that service if the State of Connecticut does not intend to offer such wellness education and such prevention programs? Through you, sir.

DEPUTY SPEAKER GODFREY:

Representative Fontana.

REP. FONTANA (87th):

Well, through you, Mr. Speaker, to answer the gentleman, I think the state and we do contemplate offering just such programs. In fact in Section 7 of the Bill we create two advisory committees, a non-state public healthcare advisory committee to essentially make recommendations in Lines 605 and 607 as to how to essentially improve the healthcare coverage for non-state public employees, and then in Lines 630 to 633, a private sector healthcare advisory

committee to make recommendations as how to improve the healthcare coverage for private sector employees.

So I think we very much contemplate this activity going forward, but we don't prescribe what they should consider so much as require them to form these committees and to make recommendations to us as a how to implement things such as wellness programs. Through you.

DEPUTY SPEAKER GODFREY:

Representative Perillo.

REP. PERILLO (113th):

Mr. Speaker, thank you. So just to clarify, the intent, though, the hope is that the State of Connecticut will implement such programs? Through you, Mr. Speaker.

REP. FONTANA (87th):

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker. It's our hope and expectation that we will. Through you.

DEPUTY SPEAKER GODFREY:

Representative Perillo.

REP. PERILLO (113th):

Mr. Speaker, thank you. Through you again, sir, does the State of Connecticut currently have the resources in place to do that? Through you, sir.

DEPUTY SPEAKER GODFREY:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, I don't know. Through you.

DEPUTY SPEAKER GODFREY:

Representative Perillo.

REP. PERILLO (113th):

Thank you, Mr. Speaker. If the State of Connecticut does have those resources in place, I would imagine that those resources would be tied up on this and then it would end up at the end of the day costing the state more money to implement such programs.

If the state actually right now does not have the expertise and resources in place, it will be very clear that in order to bring in those resources and that expertise, that it would of course cost the state some money. Is that correct? Through you, sir.

DEPUTY SPEAKER GODFREY:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, no. I don't think it's correct at all. Since we don't know for sure, unless the gentleman has information of which I am unaware, that we are spending a certain amount of money currently, we have no information as to whether or not we are spending money.

If we are spending money, whether we can save money by spending the same amount of money or spending less, or spending it differently, we simply don't have any information.

So to presume or assume certain facts not in evidence I think would be inappropriate. Through you.

DEPUTY SPEAKER GODFREY:

Representative Perillo.

REP. PERILLO (113th):

Mr. Speaker, thank you. Let me try to go down a course of questioning that would be appropriate.

Experience would bear out that most insurance companies have found that through active management of specific illness areas, they have found savings, and they have found that the healthcare delivered to their beneficiaries is better and that overall, patients do better when actively managed. This is not unusual for

things like mental health, for addiction services that are used quite frequently in the insurance industry. I'm sure that everyone knows that.

So if our goal in part is to improve the overall health of the population, then it would seem appropriate that we would want to implement those programs, and if we don't have those resources in place to do that, then again I ask the question, based upon the experience of the insurance companies, I would imagine the insurance companies know a little bit more about this than we do.

If they're doing it and it works, would it not make sense that we would want to do it because it works?

Through you, sir.

DEPUTY SPEAKER GODFREY:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, again, we believe that these types of programs can and do work. As to what our particular insurance companies may currently be doing on our behalf, I can't say.

But we believe that having direct control over the terms of our health plan give us a greater ability

to control things like wellness and lifestyle changes and so forth, as well as to potentially cut out that layer of cost, which separates us from the program, the cost that the insurance companies charge us to administer such programs. Through you.

DEPUTY SPEAKER GODFREY:

Representative Perillo.

REP. PERILLO (113th):

I'm sorry. Just a question about the gentleman's answer. He referred to costs, and I believe the cost, what cost was her referring to? Through you, sir.

DEPUTY SPEAKER GODFREY:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, I'm not sure what the gentleman's question is, other than to say, if the insurance companies who currently provide us health insurance coverage are implementing and executing programs on wellness and prevention on our behalf, and we have no information about whether they are or they are not, and we don't know whether they're working or not.

But if they provide us that service at all, they will do so at a cost to us. They will charge us for

the cost of providing the service and charge us a certain amount of profit.

Allowing us to self-insure gives us not only more direct control over such programs, but cuts out that layer of cost put on the programs by the insurance companies.

Through you.

DEPUTY SPEAKER GODFREY:

Representative Perillo.

REP. PERILLO (113th):

Mr. Speaker, thank you. So changing gears only slightly. So the gentleman is asserting that the State of Connecticut is better able to manage the experience of a pool of insured patients than is an insurance company, and of course the insurance company the state currently contracts with, are for the most part pretty large. Anthem is one. Health Net is another. United Healthcare is another, and I forget what the fourth is. Those are pretty big companies. They do this for the most part nationwide.

So the gentleman's assertion is that the State of Connecticut, which has never done this before, will do a better job of keeping experience down and keeping costs down than would one of these insurers.

Through you, sir.

DEPUTY SPEAKER GODFREY:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, again, I'm not saying the state has never done this. Again, that's presuming facts not in evidence.

The issue is, really, Mr. Speaker, whether we have greater latitude to do what we want, and do it on a more cost-effective basis by directing the third party administrator to implement what we choose when we choose to do it, rather than negotiating with our insurance companies as to what it is we would seek to have them do on our behalf.

Through you.

DEPUTY SPEAKER GODFREY:

Representative Perillo.

REP. PERILLO (113th):

Thank you, Mr. Speaker, so a follow up question to that. If we have control to direct our TPA, our third party administrator to implement our policies, through you, what sort of policies does the proponent envision that we would direct our TPA to administer? Through you.

DEPUTY SPEAKER GODFREY:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker. I have no idea. The Bill doesn't specify, and I have no ideas at this time.

Through you.

DEPUTY SPEAKER GODFREY:

Representative Perillo.

REP. PERILLO (113th):

Thank you, sir. Now I'm confused. So if the assertion is that we will have the control to direct our third party administrator to implement policies that will save us money, and the assertion is that there will be savings from that direction, how can the gentleman not know what sorts of policies we would implement?

I don't understand how he can make an assertion that there will be cost savings when the gentleman just told us all that he doesn't know what policies those might be?

If the gentleman could clarify. Through you, sir.

REP. FONTANA (87th):

Through you, Mr. Speaker, again, we are opening the door to the healthcare cost containment committee and the Comptroller to more directly and efficiently implement programs, which can improve the health of state employees, dependents, retirees and any who would seek to join the plan.

There are many possible programs. I'm sure the gentleman and I are very familiar with programs that involve smoking cessation, but the Bill is silent because the Bill does not intend to prescribe what types of prevention and wellness programs that these committees should develop, or could develop, or will develop. It's really up to them.

All we know for sure, Mr. Speaker, is that programs like that save money and make people better off, and isn't that what we're all about? Through you.

DEPUTY SPEAKER GODFREY:

Representative Perillo.

REP. PERILLO (113th):

Okay, thank you, Mr. Speaker, and to go back to a discussion before, I asked a question about these programs, these wellness programs, these prevention

programs, and the gentleman said that we weren't exactly sure whether or not they would save us money.

The gentleman just shared with us that they do empirically save us money. My question from before was, do we have the resources to implement them? We know that the insurance companies do.

So I would ask the question again, how are we going to implement them? We currently contract with insurance companies who implement these programs, which at first we thought maybe would save us money, but now we just heard we'll definitely save money.

But again, we don't have the resources to do it and we don't have the expertise to do it. How are we going to generate that, and how much can we expect for it to cost, especially if we're talking about an administrative services portion to this. We need to be talking in real dollars to get to the real cost of this, because if we're going to deliver the service that the insurance companies with which we currently contract deliver, if we're going to deliver that same service, we need to compare apples to apples.

So how are we going to make that happen?

Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, the gentleman is very artful in his questioning, but he seems to have lost sight of the bigger picture.

The bigger picture is, we all appreciate that prevention and wellness programs can save us money. Whether they have saved us money in every instance in which we've implemented them to this point is irrelevant.

We understand and we stipulate that they can save us money. We also understand that we have more control over what we can implement if we do not have to negotiate the creation and implementation of those programs with the insurance companies insuring our covered lives on our behalf.

They give us more efficient and responsive systems, as well as the ability to innovate and move outside of the traditional health insurance model in order to promote healthier lifestyles among our insureds. Through you.

DEPUTY SPEAKER GODFREY:

Representative Perillo.

REP. PERILLO (113th):

I thank the gentleman for his answer, and I thank him for what I think was perhaps almost a compliment about my artful delivery.

But I would assure the gentleman that I have not lost sight of the big picture in all of this.

The gentleman referred to negotiations and that we currently negotiate with the insurance companies. And getting to the gentleman's point about control, my question is, with whom will we negotiate going forward in order to deliver the savings that the gentleman is not necessarily promising us, but leading us to believe may exist.

With whom are we negotiating? How do we make that happen? Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, changes to the state employee plan will require negotiations with SEBAC, the bargaining unit, which represents state employees, dependents and retirees.

As far as other populations that we hope to include in the plan, there will be no negotiations. We will simply implement plans or programs intended to

save them money and promote healthier lifestyles. Through you.

DEPUTY SPEAKER GODFREY:

Representative Perillo.

REP. PERILLO (113th):

Mr. Speaker, thank you. A question to the gentleman about current state, are we not able to negotiate changes in our plan structure with SEBAC right now?

Through you, sir.

DEPUTY SPEAKER GODFREY:

Representative Fontana.

REP. FONTANA (87th):

No, we can't. That's right, Mr. Speaker. Through you. If the gentleman asks how we would negotiate changes going forward, my point was that that SEBAC negotiating arrangement would still apply. Through you.

DEPUTY SPEAKER GODFREY:

Representative Perillo.

REP. PERILLO (113th):

Mr. Speaker, thank you. So a question for the proponent, how would this change make that any different? Through you.

DEPUTY SPEAKER GODFREY:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, the change being the amendment, the entire Bill? Through you, Mr. Speaker, could he clarify what his question is?

REP. PERILLO (113th):

Mr. Speaker, gladly, to clarify. How would the proposal brought out by the proponent today change our ability to negotiate, and change our ability to contain costs? How does it give us the control he purports that it will? Through you, sir.

DEPUTY SPEAKER GODFREY:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker. Currently, under our fully insured system, when it comes to state employees, dependents and retirees, we have three parties that we have to deal with.

We have the state, we have SEBAC and we have our insurance companies. Now insurance companies are the medium through which we seek to implement these programs.

By moving to a self-insurance model, we turn the insurance companies into merely a TPA, a third party administrator. They in essence must do what we tell them to do, when they do it, how they do it, where they do it and so forth.

Therefore, the negotiation will remain between the state and SEBAC. The issue is removing the insurance companies and making our ability to affect change more responsive, more effective and more efficient.

Through you.

DEPUTY SPEAKER GODFREY:

Representative Perillo.

REP. PERILLO (113th):

Mr. Speaker, thank you. The gentleman said that we will make our ability to change more effective and more efficient. I think it's in our interest to understand exactly how, so that is my question to the proponent.

How do we do that? Through you, sir.

DEPUTY SPEAKER GODFREY:

Representative Fontana.

REP. FONTANA (87th):

Again, Mr. Speaker, it's about directing the third party administrator to implement programs that we design when we want it, how we want it, to whom we want it, where we want it. That can only serve to improve the overall effectiveness and efficiency of our prevention and wellness programs. Through you.

DEPUTY SPEAKER GODFREY:

Representative Perillo.

REP. PERILLO (113th):

Mr. Speaker, thank you. I still do not have a full understanding of what we want, when we want it, and who we want to have it or not have it, and I don't know that continuing this line of questioning will get me that answer.

I know that one way in which the State of Connecticut perhaps could negotiate to bring down the cost of care would be negotiating with physicians.

So a question, through you to the proponent, is the intent of this to give the State of Connecticut negotiating power directly with physicians and providers in order to get them to cut their rates? Through you, sir.

DEPUTY SPEAKER GODFREY:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, no. This is a coverage Bill and a coverage Bill only. We do not provide for that.

Through you.

DEPUTY SPEAKER GODFREY:

Representative Perillo.

REP. PERILLO (113th):

Mr. Speaker, thank you. I know that insurance companies contract with providers in order to provide care, in order for the right and privilege, quite frankly, to provide care to the insurance company's beneficiaries.

Where they contract through negotiations, and one of the key negotiations in that process are negotiated rates. If the intent here is not to negotiate rates with providers, yet negotiated rates with providers are one of the chief ways in which insurance companies keep their cost experience down, how does the State of Connecticut expect to generate some sort of savings absent that negotiation?

Through you, sir.

DEPUTY SPEAKER GODFREY:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, as I indicated earlier, there is a significant one-time savings by moving to a fully insured to a self-insured model, again, not involving coverage, I mean the provision of care, physicians, providers, and so forth.

There's an ongoing savings by eliminating the profit component currently charged us by insurance companies as well as the risk charge absent some stop loss policy. That's where the savings comes from, Mr. Speaker.

Thank you.

DEPUTY SPEAKER GODFREY:

Representative Perillo.

REP. PERILLO (113th):

Mr. Speaker, thank you. I understand the one-time savings and I'll get to that with some questions later, because I have quite a few on that.

But the second component of savings, which is the elimination of profit from the equation, I get that, too, in theory. But if we are abandoning, from what I can tell, just about every management tool that insurance companies utilize to keep their experience

down, if we are abandoning those, contracting with providers, wellness programs.

I know the goal is wellness programs, but we don't really have the expertise to do that, if we're abandoning all those, is there not a significant risk at the end of the day we may have eliminated the profit that the insurance companies are taking, but at the same time eliminated all of their management tools such that our expenses exceed the savings from profit, from the elimination of the profit? Through you.

DEPUTY SPEAKER GODFREY:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, we're not eliminating the tools by which the insurance companies control cost. We're just changing our relationship with those companies to one of a self-insured model with a third party administrator rather than a fully-insured model. Through you.

DEPUTY SPEAKER GODFREY:

Representative Perillo.

REP. PERILLO (113th):

Okay. I think I perhaps understand. So to clarify, the TPA is going to perform all of the care

management functions that they historically did when they were at risk but now when they're not at risk and it's not their money out there, they're going to continue to perform all that management work? Is that correct?

DEPUTY SPEAKER GODFREY:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, they will perform the work that we require them to perform through our contract.

Through you.

DEPUTY SPEAKER GODFREY:

Representative Perillo.

REP. PERILLO (113th):

Thank you. So then it is the intent for our third party administrator, or administrators, whomever it or they may be, it is our intent that they will continue to function in the managerial role in which they currently function, and it is our intent to contract with them to do that work? Through you, sir.

DEPUTY SPEAKER GODFREY:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, our intent is to have them process claims and in addition do those other functions that the Comptroller and the healthcare cost containment committee determine that they should perform on our behalf to manage this pool efficiently. Through you.

DEPUTY SPEAKER GODFREY:

Representative Perillo.

REP. PERILLO (113th):

Thank you, Mr. Speaker. I'm going to move on to, well, I'll move on to the one-time up front savings that we just heard about, and the proponent talked about claims that are incurred but not reported, and I understand that.

Essentially, in the first few months of implementing this plan, the current insurers will still be on the hook for the tail, and in the meantime we will be collecting premiums, but not be paying out claims because the insurer will still be on the hook for those claims incurred in the previous period, but a question.

Insurance companies must account for their expenses utilizing the matching principle, so that tail that the insurance company will be paying has

been expensed by the insurance company, has been expensed through the creation of a liability called IBNR claims. Claims that have been incurred but not reported. We know they're out there. We have an actuarial guess as to what they are, and we expense those in the current period.

That's the beginning of the period. My question is, at the end, and I'm trying to understand whether or not this $70 million truly exists.

If insurance companies need to account for this tail, then would not the State of Connecticut need to account for that tail? Account for those incurred but not reported claims, and ensure that the expenses are matched properly to the correct period? Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, again, as the gentleman indicates, the insurance companies will be responsible for all claims incurred up to including the date at which we transfer from a fully-insured plan to a self-insured plan, at which point we will then be responsible for claims incurred.

The savings, just to try to explain it, it was a reaping, or returning to us as taxpayers, the amount of money we actually paid or roughly that amount, we paid the insurance companies when we went from self insured to fully insured in the late 90s.

As I understand it, when we converted from a self insured to a fully-insured plan, we also delivered to the insurance companies a one-time payment in the tens of millions of dollars, essentially because they would be excepting a certain amount of those claims.

We are now essentially getting that money back by then moving back to self insured from fully insured. That's where the money comes from. Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Perillo.

REP. PERILLO (113th):

Mr. Speaker, so then to clarify. So the insurance companies owe us money? Through you, sir.

DEPUTY SPEAKER GODFREY:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, they are responsible for certain claims, which they will no longer be

responsible for if we convert from fully insured to self insured.

Through you.

DEPUTY SPEAKER GODFREY:

Representative Perillo.

REP. PERILLO (113th):

Mr. Speaker, thank you. A follow up question. The gentleman just told us that the insurance companies owe us money, that we will get money back from the insurance companies.

I'm trying to understand just sort of the nuts and bolts of how that occurs. Do they write us a check? Where is this money? Through you, sir.

DEPUTY SPEAKER GODFREY:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker. The money comes from not paying premiums to insurance companies and not paying claims.

So the claims that will be coming in during the first couple months of self insurance will have been incurred during the period when the insurance companies covered us under our fully insured plan. They'll be paying those claims. We will not be paying

those claims, and we will not be paying the premiums, which we otherwise would have paid them, therefore creating the $70 million.

Through you.

DEPUTY SPEAKER GODFREY:

Representative Perillo.

REP. PERILLO (113th):

Mr. Speaker, thank you. Okay, so that is my understanding. That's what I thought the situation was.

So let's move 12 months ahead to the end of the period. The State of Connecticut will have a tail of incurred but not reported claims. The insurance company had to record those as an expense under the matching principle.

Would not the State of Connecticut have to do the same? Through you, sir.

DEPUTY SPEAKER GODFREY:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, I don't believe so. To the extent that the state is by becoming self insured taking back the responsibility for state employees to the end of time. They will not be accounting for that

tail because they will continue to pay that tail on out to the end of time. Through you.

DEPUTY SPEAKER GODFREY:

Representative Perillo.

REP. PERILLO (113th):

Mr. Speaker, thank you. And again, getting back to the matching principal of which I speak. Generally accepted accounting principles say that we must record the expense in the period in which it is incurred.

So let's, we'll use somewhat real numbers here, at least concrete numbers. So in the last two months of the fiscal year, we can expect through our actuaries, through some actuaries. I don't know (inaudible) are, or we're going to have to hire somebody, but we can expect that there are claims that have been incurred, but not reported in those last two months.

Generally accepted accounting principles state that we have to record those as an expense in the current year. The proponent's assertion is that we will save money on the front end.

My question for him is, do we not have an expense on the back end of the year because of those incurred but not reported claims because they are required to

be recorded under generally accepted accounting principles.

Through you, sir.

DEPUTY SPEAKER GODFREY:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, as the gentleman may know, we do not actually follow generally accepted accounting principles here in the state. We actually don't follow accrual basis. We do cash basis.

So therefore, we do not report on the GAP because we do not follow GAP, so therefore we don't record or report any liability of the kind you're indicating.

Through you.

DEPUTY SPEAKER GODFREY:

Representative Perillo.

REP. PERILLO (113th):

Mr. Speaker, thank you. The Government Accounting Standards Board dictates how government entities are supposed to do their accounting.

I was under the impression that GASB had stated that all government entities were supposed to follow GAP at least in terms of the matching principle and proper recording of liabilities.

Is not the State of Connecticut subject to that?

Through you, sir.

DEPUTY SPEAKER GODFREY:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, my understanding is that the state does comport with GASB requirements. However, as I indicated, we do not follow GAP and truthfully, Mr. Speaker, I hope this is on the amendment. Through you.

DEPUTY SPEAKER GODFREY:

A point well taken, Representative Fontana. Representative Perillo.

REP. PERILLO (113th):

Mr. Speaker, thank you. Maybe I can clarify. The gentleman when he brought out the amendment, told us that there would be a one-time savings of about $70 million. He said that in bringing out the amendment.

I'm questioning whether or not that $70 million is real in my questioning on the amendment.

So to further move on, the State of Connecticut doesn't follow GAP. The State of Connecticut is supposed to. We create this $70 million because we capture it up front, but when it's time to record the

liability and the expense at the end of the day we choose not to.

So my question for the proponent, through you, Mr. Speaker is, we have nicely recorded $70 million and called it savings at the beginning, yet we have elected not to record the expense at the end.

Is that not, I won't use the word disingenuous but does that really capture what's going on here?

Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Fontana, do you care to respond?

REP. FONTANA (87th):

Through you, Mr. Speaker, as I said, if we have a cash basis of reporting, it comports with what we do as a state and what the OSA has reported to us. Through you.

DEPUTY SPEAKER GODFREY:

Representative Perillo.

REP. PERILLO (113th):

Mr. Speaker, thank you. So as I understand it, because we account for things the wrong way, knowingly, mind you, because we account for things the wrong way, we get some savings up front, yet we're able to avoid the real expense at the end, so it is

actually in reality just a wash, we can count it as savings.

That's how I interpret it, and I don't know that that's really the message we want to send to the residents of Connecticut. We can generate savings for you, but only by breaking the accounting rules, and only by selectively recording some savings and not recording some expenses.

That really doesn't really make a whole lot of sense to me, but I understand why it makes sense for the proponent at this time.

If I could move on to some other questions, through you, Mr. Speaker, that don't have anything to do with the $70 million.

We talked a little bit about the risk of adverse selection, and I do believe it's a very real risk. So to talk about that a little bit, I have a question for the proponent because he is more knowledgeable about this than I, specifically as to municipalities, small businesses, nonprofits, what types of municipalities and small businesses and nonprofits does the gentleman expect will sign on to this plan, and specifically, I want to delineate two types.

Types that have a pretty low cost of health

insurance, or those that have a relatively high cost of health insurance that would experience some benefits by switching?

Through you, sir.

DEPUTY SPEAKER GODFREY:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, I would expect Members of both populations to pursue membership in this pool. If you pay less for health insurance but you get less, you may want to get more coverage for your insureds, so you may pursue a comprehensive quality benefit package more to what the state currently offers.

If you pay more, you may want to pay less for an equivalent quality benefit package to that, which you're currently providing your insureds. Through you.

DEPUTY SPEAKER GODFREY:

Representative Perillo.

REP. PERILLO (113th):

Mr. Speaker, I thank the gentleman. So just switching gears only slightly, so in the case of a small business or a nonprofit or municipality that wants to feed over to us just a portion of its

employees, my understanding of the Bill, this provision, that actuaries will assess that group that has been ceded, or is being attempted to being ceded to us, and just to clarify for me, the actuaries are going to evaluate the employees from that individual small business or municipality and determine whether or not they have an impact, an adverse impact? Through you, sir.

DEPUTY SPEAKER GODFREY:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, I believe if the gentleman looks at the language in Line 509, this is an example.

The provisions, and there are parallel provisions, talk about if an employer includes less than all of its employees in its application, or offers its current insureds the choice of more than one plan, including the state plan, then it would be referred to the actuary for an evaluation of its impact on the medical risk or the risk to the overall pool.

However, if an employer does not do that, then it's not clear to me that it would be referred to the actuary for evaluation. Through you.

REP. PERILLO (113th):

Mr. Speaker, I thank the gentleman. So, to clarify, and I think this is what the gentleman said, and I'm pretty sure his interpretation is right on the money.

So as an application comes in from an employer that triggers actuarial review, the actuaries will review the employees in that application, and determine whether that application has an adverse affect on our risk.

Through you, sir.

DEPUTY SPEAKER GODFREY:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, yes. Just to reiterate, in Section, well in Lines 449 to 453, it states that if a small employer submits an application for all of its employees, the Comptroller shall accept such application.

So if you move them all over, they'd accept it. If you don't move them all, or propose moving them

all, then the actuary will review the application for its impact on the pool and whether it shifts a significantly disproportional part of the medical risk to the pool

Through you.

DEPUTY SPEAKER GODFREY:

Representative Perillo.

REP. PERILLO (113th):

I understand that, and I thank the gentleman again for his answer to my question.

And I'm going to ask the question I should know the answer to, but I know the gentleman will be able to answer very quickly and very easily.

How many lives are currently insured by the State of Connecticut? Through you, sir.

DEPUTY SPEAKER GODFREY:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, my understanding is in excess of 200,000.

DEPUTY SPEAKER GODFREY:

Representative Perillo.

REP. PERILLO (113th):

Thank you. So we're talking about approximately 200,000. So a small employer cherry picks its high cost employees and tries to get them into the state plan. Now we're talking about small employers here.

So maybe an employer with 50 employees has five that really drive up their cost, and they'd like them off their rolls, the employer would. And they send those five up to us. We've got 200,000 lives thereabouts.

It would seem to me that those five expensive lives will not materially impact our risk. Is that a fair statement to make, through you, sir?

DEPUTY SPEAKER GODFREY:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, it depends. It depends what issues those five employees have. I think the test, though, in Lines 454 through 474 is whether or not it's a disproportionate part of such employer's medical risk, not the risk to the state plan or pool. Through you.

DEPUTY SPEAKER GODFREY:

Representative Perillo.

REP. PERILLO (113th):

Thank you, Mr. Speaker. My concern here is that, how do we identify the straw that broke the camel's back? It is very reasonable to expect here that we are going to see some degree of adverse selection.

We saw testimony to that, well, I read testimony to that before the gentleman's Committee, a very reasonable assumption to make.

We are evaluating that, we are evaluating these employers and their own risk pool incrementally, whereby one employer with bad experience who has employees with particularly bad experience is not a big deal.

Two are not a big deal. Three, four, five and so on, but where's the number? Where does it get to the point where it is a big deal? Do we know that? Is it 50 employees with really bad experience? Is it 100? We don't know.

And I think the gentleman in saying that we don't, the gentleman is saying that we don't know sort of hit the nail right on the head, and he hit the nail on the head as to risk.

If we assume that we can manage costs better than the insurance companies can, if we assume that our risk pool will be better than it is right now, if we

assume that we can manage our doctors and those contracts better than the insurance companies do, then this works.

But we have no mechanism in place to provide any sort of case management. We have no mechanism in place to contract and negotiate with providers, and in fact, even if we did, we've got less juice than the insurance companies because they bring more clients in than we can, given our numbers.

And if we assume that there won't be any adverse selection, but we have kind of a feeling that it will be, I don't see how this works. I don't see how it delivers the savings that we're talking about, and the only real savings that we can more or less promise are with some cute accounting.

I don't understand what we're doing here. We're not insuring anybody who's not insured, which would be nice. We're not doing that. We're just moving insured employees over to another pool, to the government pool, and then on top of that we're absorbing all the risk ourselves.

So in good times we're good, and in bad times we're bad, and the risk is ours. So, I don't know if I'm ready to bear that risk on behalf of the residents

of the State of Connecticut. Risk brings reward. It also brings risk. That's why they call it risk.

So I appreciate what the gentleman is trying to do. I appreciate what he's proposing. I don't think it does any real good at all and for that reason I won't be supporting it, but I do thank the gentleman for his time in answering all the questions that I had.

I'm sorry. Very rarely am I at a loss, but I am right now because I just don't understand what the heck we're doing here and what kind of good we're trying to create, because I just don't see it. But I thank the gentleman.

Thank you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Thank you, sir. Representative Klarides.

REP. KLARIDES (114th):

Thank you, Mr. Speaker. Mr. Speaker, I've been listening intently to each one of my colleagues and the proponent of This amendment, and I think we've gained a lot of information on what this Bill does and doesn't do,.

But what I do know is, when I go out into my district, when I hear people testify in this building

and the LOB, public hearings, I know we hear one thing over and over and over again. Help us with our healthcare costs.

More importantly, the help they need is twofold. It's access to healthcare and affordable healthcare. I don't think anybody in this room, in this building or in this state can disagree with that. Of course, as usual, we may disagree on how we get there.

Mr. Speaker, through you, I have a few questions for the proponent of the amendment.

DEPUTY SPEAKER GODFREY:

Please proceed, Madam.

REP. KLARIDES (114th):

Thank you, Mr. Speaker. Mr. Speaker, in order for all state employees to continue getting the same services in their healthcare program and see the doctor they currently see, how would that work if This amendment, and therefore the Bill, becomes law. Through you.

DEPUTY SPEAKER GODFREY:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, we don't envision any changes. We expect one or more of the existing

companies that are currently fully insuring our insureds to ask to serve as third party administrators and we would leverage their networks and their claims processing, and there would be no change at all. Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Klarides.

REP. KLARIDES (114th):

Thank you, Mr. Speaker. And what model will the state use to determine the provider fees in relation to the healthcare we are proposing? Through you.

DEPUTY SPEAKER GODFREY:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, the amendment is silent as to what the state will do. I would imagine they either will continue to do what they're doing now, or they will develop protocols with their third party administrators.

Through you.

DEPUTY SPEAKER GODFREY:

Representative Klarides.

REP. KLARIDES (114th):

Thank you, Mr. Speaker. Well, if we are going to continue to do that in the manner in which we presently do, there may be doctors who do not want to do business with the state, leading us back to the provider network problem.

How do we plan on addressing that issue?

Through you.

DEPUTY SPEAKER GODFREY:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, if they do business with the state now, I don't see why they would stop doing business simply because we turn our insurance companies into third party administrators. Through you.

DEPUTY SPEAKER GODFREY:

Representative Klarides.

REP. KLARIDES (114th):

Thank you, Mr. Speaker. If the proponent can please repeat, I'm sure he has been asked this question in different ways, how does this Bill actually contemplate, well, let me rephrase that. I know how it contemplates it, but how shall we, how do

we propose on reaching the goal of reducing the number of uninsured in this state? Through you.

DEPUTY SPEAKER GODFREY:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, in terms of reducing the number of uninsured in this state, it really will depend upon the nonprofits and/or small businesses that currently do not provide health insurance to their employees choosing to join this plan and to provide health insurance to the health plan to their employees.

We can't say at this point how many would choose to join, or even apply. All we can say is, if they are currently uninsured and they gain insurance, they therefore will turn their employees from uninsured into insured persons. Through you.

DEPUTY SPEAKER GODFREY:

Representative Klarides.

REP. KLARIDES (114th):

Thank you, Mr. Speaker. And out of curiosity, I know this number was bandied about earlier, but I know that many of the chambers of commerce did not support this Bill, and I'm curious as to why 80 percent, 85

percent of those whose dues paying members are small businesses, why wouldn't that be a no brainer in support of this Bill.

Is the point of it, one of the points of it, which is my understanding, is to help small businesses?

Through you.

DEPUTY SPEAKER GODFREY:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, some chambers of commerce provide health insurance to their members. Some chambers of commerce charge their members dues in order to be members.

It's conceivable, I should think, that some chambers of commerce look at this Bill as a way for small businesses to receive quality affordable health insurance without having to go through them. Through you.

DEPUTY SPEAKER GODFREY:

Representative Klarides.

REP. KLARIDES (114th):

Thank you, Mr. Speaker. Well, I would assume that if that premise is true, which I do understand

that chambers of commerce, some of them do provide those services.

If this plan that we're proposing today was something that was such a benefit, why wouldn't the chambers of commerce like to shift that burden from them to us?

Through you.

DEPUTY SPEAKER GODFREY:

Representative Fontana.

REP. KLARIDES (114th):

Through you, Mr. Speaker, that's an excellent question, and the only thing I can offer the gentle lady is that there are some chambers of commerce that profit from the small businesses that they are required to represent, and would rather profit from them than help them.

Through you.

DEPUTY SPEAKER GODFREY:

Representative Klarides.

REP. KLARIDES (114th):

Thank you, Mr. Speaker, and I certainly accept that answer and I'm sure that that might be the case in some situations, but it's also my understanding that the small businesses themselves, separate from

the chambers of commerce, have not been exactly ecstatic over the possibility of this Bill. Through you.

DEPUTY SPEAKER GODFREY:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, I meet small business owners every day who are eager to join this plan, and many small business owners do not join their chambers because they don't see the benefit, frankly, for the dues that they pay.

I don't think we expect that a member of an organization speaks for all its members, or speaks for people who are not members.

I think small businesses like competition. They like choice, and they like the option to get access to this health insurance. Through you.

DEPUTY SPEAKER GODFREY:

Representative Klarides.

REP. KLARIDES (114th):

Thank you, Mr. Speaker. Just to shift gears a little bit, I was wondering if in contemplating this Bill, how many nonprofits and/or small businesses we were considering might take advantage of This

amendment, if This amendment becomes law? Through you.

DEPUTY SPEAKER GODFREY:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, we really have no way to know. Representative Ritter and I have met with various associations and groups of nonprofit providers, and I think they fall into three categories.

There are some for whom this is a no brainer. They're going to jump at the chance to join.

There are others for whom this is not sufficient. The cost is more than they can pay.

And there are those who will wait to see the actual dollar numbers when they become eligible next summer or the following winter, before they make a determination as to whether or not they can join or would like to join.

It's an option. That's what it is, Mr. Speaker, just an option. Through you.

DEPUTY SPEAKER GODFREY:

Representative Klarides.

REP. KLARIDES (114th):

Thank you, Mr. Speaker. I'm aware that our State Comptroller at this point has negotiated caps on the premium increase for the plan as it is today. Is that an accurate representation? Through you.

DEPUTY SPEAKER GODFREY:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, I believe the Comptroller a year or so ago negotiated prospective caps if we were to remain fully insured through a date certain, I believe in 2010 or 2011. Through you.

DEPUTY SPEAKER GODFREY:

Representative Klarides.

REP. KLARIDES (114th):

And through you, Mr. Speaker, are we sure as to what that number is, what the caps are? Through you.

DEPUTY SPEAKER GODFREY:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, the arrangement, I believe involved a zero percent increase in premium over the period. Through you.

DEPUTY SPEAKER GODFREY:

Representative Klarides.

REP. KLARIDES (114th):

Thank you, Mr. Speaker. I know that Representative Fontana has previously mentioned that our Comptroller in her discretion and good judgment, which I must agree with, obviously did an excellent job and a service to the state in negotiating that.

I'm almost sure of his answer, but I will ask you for clarification. If this Bill succeeds in passing this Chamber and the upstairs Chamber, will that remain the same, the cap on the premium increase?

DEPUTY SPEAKER GODFREY:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, again, we will become self insured by a certain date, at which point, again, the companies will not be providing fully insured plans. We will be self insured, and so therefore the particular zero percent commitment that she negotiated will no longer be in force or effect. Through you.

DEPUTY SPEAKER GODFREY:

Representative Klarides.

REP. KLARIDES (114th):

Thank you, Mr. Speaker. And I think we all agree on the Comptroller's infinite wisdom and great negotiation skills.

But when she did actually negotiate, it is my understanding that she asked for fully insured bids and self insured bids in her quest for getting as much information as possible and making the most educated and beneficial decisions for the people of this state.

Is that true? Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, I can't speak as to whether or not the Comptroller secured self-insured bids as well as fully-insured bids.

I would just point out that times change and things change, and as I indicated earlier, had we been self insured this past year, we would have spent less on our health insurance than we have under the fully-insured model. Through you.

DEPUTY SPEAKER GODFREY:

Representative Klarides.

REP. KLARIDES (114th):

Thank you, Mr. Speaker. It is my understanding that she did receive both types of bids, as she should, in making the most informed decision that she can and fulfilling her responsibility to the state.

Clearly, she chose the fully-insured bid because it was the lowest cost for this state and the people of the state at that time.

I guess my concern, Mr. Speaker, and I thank the gentleman for his answers. He has been up there for a long time today, as have you. But as I said earlier, our concern in this state and everyone in this Chamber, all of my colleagues upstairs, downstairs, and anyone in the State of Connecticut is accessed in affordable healthcare.

Our uninsured population in this state, I believe is in the six to seven percent range. That is exceptionally low. Obviously the goal is that everybody is insured. That is the goal we strive for every day, and it is a laudable goal, and it's an important goal.

But if reducing the uninsured is our goal, this does not seem to me to be the kind of policy we should be making in the State of Connecticut because although there may be some cost savings, which is up for

debate, as it has been all afternoon, it will also simply give a more generous package as a state employees have today, to other people in this state, and that cost will be passed on to taxpayers and more importantly, to the uninsured.

Through the Chairman's admission, he is not aware and not familiar with how many nonprofits and how many small businesses we have, and more importantly how many will take advantage of this plan.

As my colleague from Shelton mentioned earlier, that is a huge risk we are facing. A deficit arguably in the eight billion dollar range.

If in fact we had a surplus in the eight million dollar range, this is still an open-ended risk. We have no idea how much it will cost us. We have no idea how many people will avail themselves of it.

We worry every day about what programs we're cutting. We have potential tax increases that have been put on the table, cuts that have been put on the table, yet we are debating a Bill that clearly has an open-ended risk, a risk that is so large that arguably you have a better chance of going to one of our casinos, putting money in a slot machine and pulling the lever.

This appears to be an experiment, Mr. Speaker, but the worst part of it is, it's an experiment on the back of our taxpayers, an experiment on the back of the uninsured and the people who truly can't afford it.

And if that is our goal, which it should be, this is certainly not our way to get there.

Thank you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Thank you, Madam. The distinguished Ranking Member of the Insurance and Real Estate Committee, Representative D'Amelio.

REP. D'AMELIO (71st):

Thank you, Mr. Speaker. Maybe you could allow me a moment just to thank everyone in the Chamber for their prayers during this difficult time on the passing of my father. Your support was truly a blessing to my family and I just appreciate everyone's phone calls and gestures and prayers, especially.

You know, and with that, Mr. Speaker, you know, I witnessed firsthand the greatness, and I'm going to say greatness of our healthcare system in this past week, seeing what my father went through.

And you know, and our goal, and certainly the goal of Representative Fontana's Chairman of the Insurance Committee and working closely with him this year, is to provide that greatness, that uniqueness of our healthcare system that no one else in the world has, to everyone.

And I really wish I could stand here and you know and say I believe that this goal, I mean this Bill, would provide that goal, but unfortunately, like Representative Klarides just said, there's so many unanswered questions dealing with this issue that's before us.

You know, insurance companies, they're in the business to provide coverage, healthcare coverage to people and to also make money, and there's a lot of risk that goes along with that.

It's a complicated formula that they use to come up with what a rate should be, you know, and for us as a State of Connecticut to become self insured without really having that actuarial model to put that formula together to see what it would really cost the citizens of Connecticut, I believe is a disservice.

You know, I had a lot of questions to ask on this issue, but I believe a lot of them were asked, and I

really applaud Representative Fontana for all of his answers on the Bill. He's been here for probably like three, four hours, four and a half hours.

But you know, there are so many unanswered questions on just how we're going to administer this plan, how many employees will it actually take.

I mean, if you look at Blue Cross for example, how many employees do they have to administer these plans? You know, I heard that the number would be three, three new employees in the Comptroller's office. I just can't see or fathom how that can be with all the work that goes along with just taking an application from an employee and administering the plans, what type of plans are going to be offered to our employees?

There is so much that goes into how we set our rates, how we receive our rates, and it was talked about before. There's rate caps that are negotiated with the Comptroller, that you know, that the insurance companies have to accept. And with accepting those rate caps, they're accepting risk that they could actually lose money in a year.

Who's going to be covered? What kind of pre-existing conditions are going to be brought into the plan that could drive the plan up?

What will be the actual cost to our state employees now under this new healthcare system? I mean, if we miscalculate what we're doing here today, the cost could rise to a level where it's just unaffordable, not only to the taxpayers of the State of Connecticut, but to the employees themselves if we have to start raising their co-pays and have them contribute to this plan.

You know, Connecticut law right now prohibits us from denying insurance to companies with 50 employees or less. In this Bill we're giving authority to the Comptroller to literally say no to a company that she feels is a high risk. That's known in the industry as cherry picking.

You know, I don't know why we would allow her to do that if our laws don't allow the state to now perform that procedure, or to you know, to cherry pick.

And what happens to the people that are not allowed in this pool, you know. If X amount of employees and businesses opt into this plan, how many

health insurers remain in the state? What happens to everybody else that's not part of this plan, or that can't become part of this plan. What's their cost going to be?

You know, our goal is to make health insurance available to everyone. Unfortunately, I think this falls far short of that goal.

You know, this, we've been debating healthcare for a number of years in the State of Connecticut. I've come to the conclusion that it's a very expensive proposition on the state level, that we need our federal government to get involved in this debate to see how we can truly reform healthcare to make it affordable, but not to take away the greatness that is there to help people, to heal people.

You know, I stand here today with a lot of mixed emotions, and I really wish that this was a bill that would help more people in the State of Connecticut with their healthcare needs, but unfortunately, I think it falls far too short, and I thank you for your time, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Thank you, Representative D'Amelio. The gentleman from North Branford, Representative Candelora.

REP. CANDELORA (86th):

Thank you, Mr. Speaker, if I might, a few questions to the proponent, through you, sir.

DEPUTY SPEAKER GODFREY:

Proceed, sir.

REP. CANDELORA (86th):

Thank you, Mr. Speaker. In Section 10 of the Bill, I'd just like to jump toward the pooling provision for municipalities. Section 10 of the Bill references on Line 656 a commissioner approving the group. Who would that commissioner be? Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, I believe that would be the Insurance Commissioner.

DEPUTY SPEAKER GODFREY:

Representative Candelora.

REP. CANDELORA (86th):

Thank you. Thank you, Mr. Speaker. And then the last sentence in that provision, Lines 662 through 663, could you explain what that means?

DEPUTY SPEAKER GODFREY:

Representative Fontana.

REP. FONTANA (87th):

That's an excellent question, and unfortunately, the person that I would seek to ask for assistance isn't in the Chamber, so I can endeavor to try and get an answer for the gentlemen during our colloquy, but at this point, I don't know the answer to that, so I will try to get an answer.

We can get in touch with him, I suppose.

DEPUTY SPEAKER GODFREY:

Representative Candelora.

REP. CANDELORA (86th):

Thank you, Mr. Speaker, I'll move on to my questions, maybe we could get that answered later.

As I read this Bill, we have a couple of ways this rolls out. The Bill rolls out for July 1, 2010 for a municipal-related entity and for municipalities, and then in 2011 it rolls out for the small business employers.

As I read the definition of municipal-related employees, am I reading that potentially, those individuals that are included in that definition really could be just private sector businesses that contract with municipalities? Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, I apologize. I was trying to get the gentleman an answer on his previous question, so unfortunately I could not focus on his current question. So if he could please repeat it.

DEPUTY SPEAKER GODFREY:

Which question would you like to answer, Representative Fontana?

REP. FONTANA (87th):

Well, we're still working on the fictitious group question, so I guess if the gentleman would repeat his second question, I'll work on that while I get the answer on the first question.

DEPUTY SPEAKER GODFREY:

We're trying to multi-task here. Representative Candelora.

REP. CANDELORA (86th):

It's quite all right. Thank you, Mr. Speaker. My question was, in the definitions of municipal-related employer, we have a roll out where in July 2010 we essentially have municipalities that could join the group, municipal-related entities that could join.

And then in July of 2011, I believe, it was the small employers. And as I read the definition of municipal-related employers, it's a potential really that it could just be a private business that contracts with a municipality could fall into that definition.

So you could have a private sector employee joining the plan as early as July, 2010. Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Fontana.

REP. FONTANA (87th):

Yes, Mr. Speaker, thank you very much. This question I can nail on the first try. I tried to articulate the answer to somebody earlier, but essentially, I think it was Representative Williams, but the definition of municipal-related employer is

somewhat beside the point, to the extent that a small business will be able to qualify for the plan by January 1, 2011.

If that small business qualifies as a municipally-related employer, it could qualify in July of 2010. Either way it will qualify, if it's under 50 employees. The question is, when would it qualify? Through you.

DEPUTY SPEAKER GODFREY:

Representative Candelora.

REP. CANDELORA (86th):

Thank you, Mr. Speaker. So you essentially could have a business that is a for profit corporate entity, privately incorporated in the State of Connecticut that would be qualifying on July 1, 2010? Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, I apologize, but I have an answer on the fictitious group question, if the gentleman would like me to provide it?

DEPUTY SPEAKER GODFREY:

Any objection, Representative Candelora.

REP. CANDELORA (86th):

Not at all, it would be very helpful.

DEPUTY SPEAKER GODFREY:

Representative Fontana.

REP. FONTANA (87th):

Thank you, Mr. Speaker, very much. Thank you, Representative Candelora. The language regarding a fictitious group, as the gentleman is aware, this talks about allowing two municipalities or more to join together for the purchase of or negotiation for procuring health insurance for their employees.

Apparently, there's some implication that in so forming an organization it cannot be an organization on paper only. There has to be some, and by paper only, I mean it has to have some structure, some organization, some negotiated written arrangement. It can't be a spurious or frivolous conjoining of two or more municipalities to create this group.

It's intended to be a process that involves some commitment on the part of the two or more municipalities as I understand it. So that's what the issue is about a fictitious group. It can't just be a group for casual or frivolous reasons. There has to be an undergirding of process there, municipal process

to support the ability for these towns to go out and get health insurance.

Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Candelora.

REP. CANDELORA (86th):

Thank you, Mr. Speaker. So as I envision that then, if two municipalities got together for the health insurance, they would have to do so maybe through an inter-local agreement, some sort of contract. They couldn't, I guess, just create a say, you know, greater New Haven Healthcare Partnership, which would administer. Rather, they would just have to either do it by contract or maybe through a COG or something of that mechanism.

Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, yes. I think he has it just right. We had understood last year, I believe, when we worked on this language, that municipalities can do this currently under their existing authority.

However, there are some municipalities who believe that absent explicit authority from the General Assembly, they would rather not pursue this idea. Therefore, we drafted the language, and you'll notice in Lines 657 through 662, we essentially say that there has to be a written agreement, and the written agreement has to have certain things.

And then we follow it up with another sentence that basically says, and oh, by the way, it can't be a fake group, which is sort of what the previous four or five lines seem to suggest. So essentially, I think he and I agree. Through you.

DEPUTY SPEAKER GODFREY:

Representative Candelora.

REP. CANDELORA (86th):

Thank you, Mr. Speaker. And then if I might just move to Lines 431 through 439 where it contemplates when a non-state public employer would submit an application with, and I guess the Comptroller could make, somebody would make the determination, an actuarial would make a determination of whether the medical risks would significantly be disproportionate, and therefore the Comptroller could reject the application.

As I read this, does that kick in only if an employer submits less than all of their employees for the application, or does that review process occur upon every application that's made? Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, I believe it's the former. That provision is triggered if the employer submits an application for less than the entire pool of employees, or the employer wants to offer the state plan in addition to a variety of private plans.

But even if that were to pertain, the actuary could still find that that's okay, as long as it's not a disproportionate amount of risk that the employer is off loading or attempting to off load out of the state.

So that provision is triggered by those two conditions. Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Candelora.

REP. CANDELORA (86th):

Thank you, Mr. Speaker. And I guess my question with how this provision works is, I appreciate the intent of this, of course, if an employer is cherry picking and it's disproportionately raising the cost to the state that we should be able to reject that application.

But as I read this, the rejection is not necessarily automatic. It reads that after 60 days the Comptroller shall not provide coverage. But if the Comptroller does not receive any certification at all, the Comptroller is directed to accept the application.

And I'm just wondering why we would create the provision that way? Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, the structure of Subsection (b) there, Lines 446 to 474 is that there is a presumption or interest on the part of the pool and the Comptroller to see employers submit an application for all of its employees.

If the employer does not, the Comptroller must send that to an actuary for an evaluation. However,

the actuary is given a limited amount of time to make an evaluation, and then essentially render an opinion on whether or not as Representative Candelora indicated, it attempts to shift a disproportionate part of the employer's medical risk to the state pool.

If the actuary after 60 days cannot or will not make such a certification, the Comptroller will essentially view the application as satisfactory or sufficient from the perspective of the state statute then and move forward to accommodate the applicant's request and to include it in the pool. Through you.

DEPUTY SPEAKER GODFREY:

Representative Candelora.

REP. CANDELORA (86th):

Thank you. And through you, Mr. Speaker, is 60 days sufficient to act? Have we determined how long this process would work? Have we estimated the number of applications that we may get in and be able to turn around to make sure that there's sufficient time to reject if necessary? Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, we don't have an estimate of the number of applications. However, I would note that this language was developed with the assistance and support of the Comptroller and her staff. Through you.

DEPUTY SPEAKER GODFREY:

Representative Candelora.

REP. CANDELORA (86th):

Thank you, Mr. Speaker. In Lines 384 through 398, there is some provisions trying to address the application of ERISA. Do we have any determination of whether our exemptions as a government plan under ERISA would be implicated when we begin accepting private companies into our plan? Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, no we do not have a definitive assessment of how many small employers we can accept without losing our status or jeopardizing our status.

I understand anecdotally that there may be some case law indicating 7.5 percent, maybe some sort of

magical threshold, but we don't have a firm indication that that would apply, and we also don't have any indication that ERISA might not change between now and 2011 when we seek to include small employers.

So at this point, what we've done is we've provided language in there, which allows the Comptroller to make a determination based on interest in the pool from small employers to ensure that we do not run afoul of our status as a government plan. Through you.

DEPUTY SPEAKER GODFREY:

Representative Candelora.

REP. CANDELORA (86th):

Thank you, Mr. Speaker. Do we have a case law, or do we know what level any federal decision or state decision, I would guess it would probably be federal, that has rules on this particular issue? Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, again, anecdotally I understand that it's a federal, there's federal case law on this. I can't say whether it was in

Connecticut. I can't say whether it was in the Second Circuit Court of Appeals. I can't say the Supreme Court. I can't say where it is, just that somewhere this has been raised, and that it may well be an evolving area of the law, and that again, because we may be the first state to do this, this hasn't been faced to this point.

But again, I can try to get more information on that, but I don't have any more at my disposal. Through you.

DEPUTY SPEAKER GODFREY:

Representative Candelora.

REP. CANDELORA (86th):

Thank you. Through you, Mr. Speaker, if, in fact this plan does become subject to the provisions of ERISA, have we determined whether the current structure would comply with ERISA if this still passes?

Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, my understanding, if I understand the gentleman's question correctly is yes, this does comply currently with ERISA. Through you.

DEPUTY SPEAKER GODFREY:

Representative Candelora.

REP. CANDELORA (86th):

Thank you, Mr. Speaker. And would the Bill, assuming this Bill passes and becomes law, have we analyzed whether this Bill complies with ERISA? Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Fontana.

REP. FONTANA (87th):

Again, Mr. Speaker, I thought that was the question I was just answering, but essentially, yes. The Comptroller has looked at this, looked at the case law, looked at the statutes and said that as currently structured, this satisfies ERISA. It does not violate ERISA.

The only way that it could conceivably violate ERISA is if according to that anecdotal court case, the number of small employers who join the plan exceeded some percentage of either the membership of

the pool, or the number of small businesses out there, the number of small business employees out there.

And again, given that small businesses would not be eligible until January 1, 2011, at this point it's very difficult to predict exactly what might happen. It may not be that we'll have enough small employers to reach that threshold.

It may be possible that we will reach that threshold and not run afoul of case law in this District Court or this Circuit Court. So you just can't say, Mr. Speaker, with certainty. Through you.

DEPUTY SPEAKER GODFREY:

Representative Candelora.

REP. CANDELORA (86th):

Thank you, Mr. Speaker. And I guess then if it does comply with ERISA, assuming it did apply, do we have a determination of who the fiduciary would be under the provisions of ERISA? Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, I don't know if I'd hazard to guess. If I understand the definition of

fiduciary, I think the Comptroller operates as a fiduciary for state employees, retirees and dependents, but that would be my understanding or expectation.

But that's about it. Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Candelora.

REP. CANDELORA (86th):

Thank you, Mr. Speaker. I would tend to agree with that. And I guess the way this is going to be administered with the creating of this pool and this fund, my understanding was the way Connecticut structure is that we have a common cash pool.

Would these funds be segregated from the common cash pool into a separate account, or would we be co-mingling all the funds that we currently do?

Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, we do create a separate non-lapsing account. Section 6 of the Bill, 6(a) establishes an account to be known as the State Plan

Premium Account to establish a separate account for the funds.

Through you.

DEPUTY SPEAKER GODFREY:

Representative Candelora.

REP. CANDELORA (86th):

Thank you, Mr. Speaker. And through you, I understand that we establish many accounts in all the legislation that we do, but ultimately the money from these accounts are co-mingled into a single common cash pool.

And so, my question is, will we in creating this account physically be segregating these funds away from the general funds? Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, I can only direct the gentleman to the language in Section 6(a) of the Bill, as to whether it's a separate account, separate other account. That's, I would imagine something for the Treasurer and the Comptroller to establish. Through you.

DEPUTY SPEAKER GODFREY:

Representative Candelora.

REP. CANDELORA (86th):

Thank you, Mr. Speaker. I guess this is one of the major concerns I have with this Bill is the applications of ERISA, and I'm not sure what those requirements would be in particular, and how it would relate to the common cash pool.

I do just before you sit down, I just have one more question on this specific issue, and I apologize.

The way this Bill currently reads for the exemption, for ERISA, if the Comptroller determines that the granting of coverage under the state plan would affect our status as a government plan, she shall not grant coverage, or the Comptroller shall not grant coverage, and then the Comptroller shall make a public announcement.

What happens? I mean, obviously we've already made the determination today that this plan likely complies with ERISA< so I would think that if small business applies, and even the municipal related companies apply, which are potential private entities, that the Comptroller would accept those applications and probably approve them for the pool because we believe that we have this 7.5 percent threshold.

However, what would happen in the scenario if this is litigated or she's already accepted people into the pool, there may be some case law in another state that determines there's a violation.

As I read this provision, it would not authorize the Comptroller to undo something that may have already been done that subjects the plan to ERISA>

Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker. Again, our understanding is that this does comply with ERISA as structured, you know. I think that in practice the Comptroller would essentially notify people of their provisional status pending her evaluation of how many people are applying, how many people she would intend to accept for the program.

I think that's something that people would understand and certainly in the application process, something she could make clear to the people prior to their application.

Through you.

DEPUTY SPEAKER GODFREY:

Representative Candelora.

REP. CANDELORA (86th):

Thank you, Mr. Speaker. And just to pose a hypothetical, say the Secretary of State on July 2, 2010 gets three applications from some private bus companies from around the state. She approves those applications, accepts them into the pool. Their employees begin receiving the healthcare and we are paying claims.

There is subsequently a federal law, federal change that makes it demonstratively clear that the state cannot have any private entities in their pool.

As I read it Sections 384 through 398 does not give her the authority at that point to be able to terminate those applications because she's already accepted them, so I would guess that we would have to pass legislation to undo what we've done? Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, again, it's a hypothetical. I have no idea, you know, whether in

fact we'd have to do something separate or if she could do it administratively.

Again, she'll be making a determination at that time under Subsection 3(g) as to whether or not granting coverage would violate or jeopardize our status as a government plan.

And her obligation, as I said earlier, is to currently, is to solely the state employees, their retirees and the dependents. So that's her primary focus currently and she's going to be focused on making sure we don't jeopardize our status.

So she'll make a determination at that time prospectively. If a court case comes along afterwards, and jeopardizes that, there will have to be some determination made with the Attorney General in court or by us here in the Chambers legislatively to help resolve the situation.

But that's an entirely speculative hypothetical, Mr. Speaker, through you.

DEPUTY SPEAKER GODFREY:

Representative Candelora.

REP. CANDELORA (86th):

Thank you, Mr. Speaker, and I guess I don't confess to be an expert on ERISA. I took it many

years ago in law school and I sort of remember the provisions.

I do remember it's, the highly technical regulations that do exist, and that companies need to apply, and I'm not sure that we've even done our homework here.

Overall, the pooling Bill, this Bill really doesn't excite me either way, quite frankly. I think it's not going to create savings for businesses. It may for some municipalities, so I'm not sure what harm or what foul we're doing with a provision like that.

But I do believe that we have some serious implications here that we've completely overlooked and I think we had this discussion a year ago when the Bill came out and we have no better answers than we had a year ago on how it works.

What I do know about ERISA is, you do have a fiduciary that oversees these accounts. They are personally liable, number one, so I'm not sure if that would subject the Comptroller to personal liability and to what extent we could protect on that, or what liabilities we have, because we essentially are in some cases, going to be stepping in the shoes of every

employer in the State of Connecticut who participates in this plan.

I'm also not sure of what implications this Bill does have on our common cash pool. It was amazing to find out that all of our funds are mingled into one account, our bonding, our general fund obligations, the Transportation Fund, it's all in one common cash pool, and this Bill seems to be going right along with that practice, which taken in isolation doesn't seem to be a problem.

But when you look at ERISA and how it applies, it very well may be because as I see it under ERISA, you do have some restrictions on what the funds can be used.

So I'm not sure how we actuarially if we could kind of segregate out the money from our pool and say, X amount of money needs to be designated toward this healthcare pool and hands off, you can't touch it.

We've seen the situation right now where we're in great financial difficulty. People would be surprised to know that the rainy day fund is comingled with all of our other dollars, and we have yet $1.4 billion in the rainy day fund. But when you look at our cash

balance, we were somewhere around $800 million that was in that account.

So we do tend to borrow from accounts as we're going forward. I understand it's an acceptable practice as long as we are accounting for that.

But if ERISA applies, I'm not sure we would have that luxury, and I just think that we really need to take a look at that long and hard, and it seems as if we haven't, and I certainly am not going to be relying on the federal government to make changes to the laws in hopes that we would come into compliance because ERISA could be implicated as early as July 10th, because municipal related employees could be the private sector employees that get brought in.

And really, until those answers, those questions are answered, I think it's not fiscally responsible for us to be moving forward with this particular Bill.

I just guess I would just sum up by saying that we should reject this legislation. We certainly should take a look at ERISA.

I know that Maryland, they had a court case dealing with the retirement plans that was shot down, which I think could help garner some evidence of what we are able to do and not to do.

But certainly pulling the private sector into this pool as early as July 10th is certainly going to make a mess for us.

You know, we are in the midst of trying to consolidate agencies, look for savings, in order to help all the taxpayers in the State of Connecticut, and I think biting off such an enormous task when certainly the Comptroller's office is going to need to begin looking at just administering early retirements, which I know that office came out against because they said they couldn't handle 3,000 retirements.

I'm not sure how we're going to be able to handle possibly 10,000 applications from the private sector and then possibly a federal lawsuit or figuring out how we're going to retroactively comply with ERISA laws.

I think I've only scratched the surface when it does come to ERISA, and I just feel that we should reject This amendment. Thank you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Thank you, sir. The gentle woman from Prospect, Representative Nardello. Ah, technology.

REP. NARDELLO: (89th)

I know. Thank you, Mr. Speaker. Mr. Speaker, I rise in favor of the amendment, and I'm just going to make a few very brief points.

Some people really believe that the private sector does things better. They truly believe that in their hearts, and some people in the Chamber believe, and outside the Chamber, that the public sector does things better.

I think the beauty of This amendment is that it forces the private sector to compete against the public sector. It is the perfect experiment because what we're saying here is, who's going to do the better job? Public or private? We're going to find out.

I think the many entities that oppose This amendment do so because they're afraid of losing market share. If you are the person who has the higher cost premium, the more expensive plan, then you're going to be worried if someone comes in an undercuts you, and the possibility exists through this legislation.

Healthcare is a necessity. We're talking about something that's important to each and every one of

us, and it's very important that health insurance be priced at the lowest possible cost.

The discussion shouldn't be focused on who provides health insurance, but rather, on how health insurance can be provided at the least cost.

The other thing to remember here is this legislation is voluntary. No one is going to be forced to participate in this pool. It's a choice, and the choice is going to be made does it benefit me or does it not benefit my town or my business, or my nonprofit entity.

It gives municipalities and nonprofits and small businesses another option. That's really all this does. And we believe it's going to be a less expensive option. There are many of us that believe that.

We owe it to our cities and towns and our small businesses and our nonprofits to have the ability to purchase healthcare again at the lowest possible cost. Ultimately it lowers taxes. Ultimately it provides jobs because what we're saying is we could hire more employees because we've reduced our costs.

And ultimately, if the healthcare pool does not provide a lower cost option, then it will not be chosen. It's as simple as that.

So I ask all of you to support the amendment. Thank you very much, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Thank you, Representative Nardello. The gentleman from Manchester, Representative Thompson.

REP. THOMPSON: (13th)

Thank you, Mr. Speaker. I, too, rise to speak in support of the amendment, and I believe this is within one week we have had two very good debates. First on the death penalty, and secondly, today.

So I rise, and I will address my remarks to some of those observations made by my colleagues, all of whom I respect and I disagree with them on some of the points they made.

First, I, too, like Representative Tony D'Amelio became acquainted with the great health plan we have as covered under the state employees insurance plan, and I extend my sympathy to him on the death of his father.

But about six years ago, my wife experienced a terminal illness and it lasted nine months, and I could not question any of the treatment and cares she received. It was excellent. The insurance covered every procedure that was attempted, including months

of chemotherapy, and so it didn't work out, but I had no question, no doubt, about the wonder of that insurance and how lucky we to have it.

And so, I agree with Representative Miller when he mentions that we, in his judgment we have, and I can verify this, perhaps the best state employees insurance program in the country. It may be that, but I know it's good.

What I disagree with him on citing that is that not everybody in our state enjoys that quality of care at the cost, and of course, the cost to us is very favorable and we're very lucky.

But following up Representative Miller's remarks was made by Representative Gibbons, in which she visualized or saw this as opening the door to a more expansive program, and perhaps eventually universal healthcare, and I hope I'm quoting her right on that.

And I agree with that position, and I think that's one reason why I do support this program, because if we can do it better than, and at the same time expand this type of insurance and coverage to more and more people, that would be a wonderful thing, and we can, somebody's got to do something about it.

And so I agree that, with Representative Gibbons, that it's not a bad thing to do. That's what America is all about, experimenting and finding better ways of doing things.

And certainly, I think this is an opportunity that will enable us to expand healthcare to more and more people in our state, in our nation, and I think the nation is primed for that as well. So it's not a bad idea to be in on the movement right from the very beginning, and it's not so very beginning.

So, and I recall that Representative Hetherington mentioned what happens to somebody who is uninsured, and gave us an example, his daughter who has lost her healthcare benefits.

Well, there is in our state a system which Dr. Galvin of the State Health Department described as a seamless system, and that's the federally qualified health centers, the school based health centers and our hospitals, all of whom open their doors to the uninsured, to the poor.

And he mentioned before the Appropriations Committee, his hope that we could expand that system more and more to more and more people, or provide some assurance that people will not be turned away at the

door and they certainly are not turned away at those three doors, but that also depends upon having the wherewithal to support them.

And I think, I can give you an example of one of the big steps we took with a federally qualified center in my own community. I live in Manchester, but we're serviced by the East Hartford federally qualified health center. They have a health clinic and a dental clinic in our community.

We started out with two, I love this word, operatories, but two chairs in our dental clinic. We now have six chairs.

We did not have a health clinic. Our people had to travel to East Hartford to take advantage of that, their services. We now have a health clinic. In the first nine months, I believe, they went from zero to 900 unduplicated patients, and here it's now a couple of years later and they have over 2,000 unduplicated patients, and it's probably higher than that. That's maybe an outdated figure.

So there is a system here that we can build upon as well as offering insurance this way, and I would suggest that in Fairfield County I believe there are

three or four different health centers, health clinics, and they're open to anyone.

And if you do not have health insurance, they'll make some arrangement. And they'll certainly educate you on programs that are available.

I remember being invited into the Middletown center about 10 years ago. In that center, the director had invited me to stop by some day, and I stopped by. Well, unfortunately, he wasn't there, but a woman came out with a long white coat on and she said, may I help you, and I told her why I was there. She said well, I'm the dentist here, or a dentist here. I'll show you around.

And while we were being shown around, a gentleman walked in. I can still see him. He had a baseball cap on, an older man, and she said, may I help you, sir? And he said yes, I've got a bad tooth. I need some help. I'm in pain. Well, she showed him to the operatory. He went in and sat down and she said, I'll be with you in a minute.

I said to her, what are you going to do? She said, well, he's in pain. I'm going to take care of that pain. I will take him on as a patient and do whatever else I have to do for him somewhere along the

line, but I'm going to take care of that pain right now.

And it seems to me that's the kind of can do operation we need more of in our healthcare system.

But finally, in response to Representative Perillo and his concern about us not having the expertise to really size up some of these things, and true, we're not all actuaries or have that kind of experience, that depth of knowledge, but there are plenty around.

But when you stop to think of it, America, and we think we have a great healthcare system. Well, according to the World Health Organization, the last I saw we ranked 37th in the world, 37th, but we have the most expensive healthcare system in the world, yet we had that low ranking. And why is that?

Well, one of the good reasons is that at that time that ranking came out, there were 47 million Americans without health insurance. In our state, we doubled the number of uninsured in the last year because of the state of the economy from over 300,000 to over 700,000 people without health insurance, and I hope they know that they can get care from the federally qualified health centers.

They can get care from a number of hospitals who run clinics and a number of groups. St. Joseph's Hospital, or St. Francis Hospital, I'm sorry, for example has outreach clinics providing free service to those in need, and I could go on with others who are doing that.

So there is a wealth of opportunity, but you really have to be tuned in and it is not the best way to provide for a population.

So while we have these facts before us, we certainly can come to the conclusion that when we rank so low, yet we're the richest country in the world, and we pay the most money for our healthcare, we also have 36 countries ahead of us providing, and one of those countries is France, who not only has a wonderful healthcare system, but also puts our childcare system to some question.

And we have been doing everything possible we can to emulate what the French do.

So that leaves me to one final point, and that was about six years when we did some changes to our budget because we were in a tight situation, we made some cuts.

And guess what some of those cuts were? We cut back on healthcare for the poorest in our communities, in our state. We eliminated some coverage.

We also cut back and tightened up admission to the Birth to Three Program, and anybody familiar with that can thank God we have it, and thank God we corrected what we had done that year, which was to make it more difficult for certain types of conditions to get into the Birth to Three system.

And let me just explain why that's so important. The Birth to Three has always maintained that as a child comes into their system at birth and has a condition that can be addressed by providers, health providers, there's a 50 percent chance that that child will not require special education when they get to school, that's five years old, later, 50 percent of those kids.

Another 25 percent will not require beyond the first grade. That's 50 percent and it goes up to 75 percent. Well, the cost to our state because of that change we made at that time, those changes, I asked the Health Department because I was newly recruited to the Birth to Three coordinating committee and I asked a Health Department representative who sits on that

committee, along with the Department of Education, Department of Social Services and others, pediatricians and so forth, to tell us, what did that cost us?

Well, they estimated that about 1,600 kids over those two years that they lost it, did not have access to the Birth to Three program. The cost to us over the lifetime of those children, their education lifetime was $23 million. That's what they estimated. Those are big numbers, ladies and gentlemen, and it does say something for addressing health issues and healthcare at time of the current, as quickly as possible, as effectively as possible, and that's what I think we're on a path to do here.

There will be further debate. There will be further changes, and this program as it goes forward and as it goes through, it will be watched by all of us and addressed by all of us from year to year, and we won't make a mistake like we did six years ago, which made a lot of kids step back.

And by the way, Birth to Three claims now that 65 percent of the children who become part of that system immediately will not require special education when they reach school age.

So I think we're moving in the right direction. I thank Steve Fontana for his leadership on this, and I thank all those other people who made comments today because there's a lot more to discuss. I realize that, and I hope we'll continue this discussion at the level it's been.

Thank you.

DEPUTY SPEAKER ALTOBELLO:

Thank you, Representative Thompson. Representative Hamzy of the 78th, you have the floor, sir.

REP. HAMZY (78th):

Thank you, Mr. Speaker. I rise to pose a few questions to the proponent of the amendment.

DEPUTY SPEAKER ALTOBELLO:

Please proceed, sir.

REP. HAMZY (78th):

Thank you, Mr. Speaker. Mr. Speaker, through you, I'm trying to break out these questions in groups, and in the first group is talking about the merits of self insurance.

As has been discussed previously, we were self insured up until about 12 years ago and there was a

decision made to go from being self insured to the current system that we're operating under right now.

How are the, and I understand that there are savings, if you want to call them that, that would be achieved by converting to a self-insured plan because we would not have to pay premiums for 30 to 45 days.

Through you, Mr. Speaker, is that an accurate statement?

DEPUTY SPEAKER ALTOBELLO:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, it is and it isn't. The point was that we need to provide for resources to cover the claims of our insureds, regardless of whether we're self insured or fully insured.

The issue is that while we will be setting aside those funds under either scenario, we will not be incurring the claims through probably the first one to three months of that new period of self insurance that we would otherwise, or will otherwise experience, once the period extends and the tail of our fully insured coverage tapers off.

So for a period of time, we will be setting aside the money we would otherwise be paying in premiums,

but we will not be seeing the claims activity, which we would otherwise see once the period of time or self insured gets up and fully running. So there will be a gap where we will have in essence set aside money but not incurred or paid the claims that would correspond to that, therefore creating a certain amount of money, which we've estimated $70 million, which represents roughly, I believe, two months' worth of premiums, which we would otherwise had paid had we remained fully insured. Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Hamzy.

REP. HAMZY (78th):

Through you, Mr. Speaker, it's my understanding that the premiums that the state pays is approximately $70 million per month. Is that accurate?

Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Fontana.

REP. FONTANA (87th):

It may, it could well be, Mr. Speaker. I understood that it was less than that, and that would represent the savings across the course of two months. But in any case, I think if for the sake of argument

we pay $70 million per month, it's most likely the case that the $70 million savings wouldn't be $70 million complete in month one and zero savings in month two.

It's probably the case that the claims will start to come in and so the savings will be largely in month two, but there may be some savings by and large in month one, but there could be some savings in month two, leading to an aggregate savings of $70 million over the period.

Through you.

DEPUTY SPEAKER ALTOBELLO:

Representative Hamzy.

REP. HAMZY (78th):

And through you, Mr. Speaker, this is the reason why I'm a little confused with regard to this savings or this pool of money that we have been assumed will be there in order to fund the self-insured plan.

The claims that are made do not just stop as of a certain date when the State of Connecticut decides to go to a self-insured plan.

Through you, Mr. Speaker, is that an accurate statement that the claims, the claims that are made

will continue to be made regardless of if and when the State of Connecticut decides to go to self insured?

Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Fontana.

REP. FONTANA (87th):

Through you, no. Claims continue to occur. I'm not saying that claims stop. What I'm saying is, that due to a lag between when claims are incurred, when claims are submitted and claims are paid, that there will be a window there where the claims that we are experiencing will not be commensurate to the amount of premiums we would otherwise be paying, therefore creating that amount of savings, which we are using and which OFA has reported in the fiscal note.

Through you.

DEPUTY SPEAKER ALTOBELLO:

Representative Hamzy.

REP. HAMZY (78th):

Through you, Mr. Speaker, unless, I guess for me to try to understand this, let's try to go through a timeline, okay?

Currently, the state pays approximately $70 million a month to the health insurance companies with

which it contracts. That $70 million a month is used to pay for the health insurance coverage that is provided for state employees, current state employees and retirees.

Through you, Mr. Speaker, is that accurate?

DEPUTY SPEAKER ALTOBELLO:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, it sounds accurate, yes. Through you.

DEPUTY SPEAKER ALTOBELLO:

Representative Hamzy.

REP. HAMZY (78th):

And through you, Mr. Speaker, if the state decides under This amendment as proposed, that it will become self insured as of July 1, 2009, the claims that are currently made, which as I understand it are estimated to be between $75 million and $80 million a month, those claims will continue to be made to the insurance companies who provide the coverage to the state employees.

Through you, Mr. Speaker, is that accurate?

DEPUTY SPEAKER ALTOBELLO:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, I don't know what the claims experience is. Certainly if we're paying $70 million in premium per month, and out of that has to come currently administrative fees, reserves, profits, and claims, I don't know that we're experiencing $70 million to $80 million for the claims every month. It's probably much less than that.

Nevertheless, claims that come in are a blend of claims that were incurred in one date and then submitted claims that were recorded on another date, submitted and so forth, so there's an overlapping series of claims that come in constantly, and which when you draw a line on a particular date certain, then overlap, whether they were incurred before the date or after the date.

But claims in any particular month could be as in this case, probably would be, an overlap of claims incurred during the previous program, but then submitted and reported under the new regime and then claims again that were created or incurred and submitted under the new program.

So they're a blend for a period of time. Through you.

DEPUTY SPEAKER ALTOBELLO:

Representative Hamzy.

REP. HAMZY (78th):

Through you, Mr. Speaker, I understand, okay. I get sick. I got to the doctor. I have a procedure performed. The doctor submits a claim to my health insurance company, which then gets paid 30 to 45 days from now and I understand that there is a lag, a period of time within which the claim is paid.

This, the state decides to become self insured on July 1st. I get sick on July 2nd and file a claim, well, I guess I would file. Let me go back.

I get sick on June 30th and file a claim with my health insurance company and then there is that lag period of 30 to 45 or 60 days, however long it is, for that claim to get paid.

My point is, and what I believe to be the case, is that regardless of whether or not there's a lag in time for those claims to be paid, the liability to pay that claim continues to exist. Through you, Mr. Speaker, is that an accurate statement?

DEPUTY SPEAKER ALTOBELLO:

Representative Fontana.

REP. FONTANA (87th):

I believe so. Again, I'm having trouble following the gentleman questioning, but the bottom line is, as I was trying to answer, claims that come in at any given point in time are a blend of things that were incurred the previous day, the previous week, the previous month, even the previous year.

And so, when you draw a line on July 1st, as he's proposing to do, there will in July and August be claims that were incurred in June.

Now, there would also possibly be claims incurred in July, that come in in July and August. So there will be a blend of claims in July and August, some of which will represent claims that were incurred in June but reported in July or August, and claims that were incurred in July and reported in July or August.

So, for that period of time there will be a blend, and the tail essentially if you will, of the claims that the insurance companies are required to support will taper off over time, and the claims then in return that we're responsible for will ramp up.

So it's in that gap, in that period of time where our responsibility is not complete and immediate, but rather a tapering up of responsibility and the

insurance companies tapering down. That creates the $70 million of savings.

Through you.

DEPUTY SPEAKER ALTOBELLO:

Representative Hamzy.

REP. HAMZY (78th):

Thank you, Mr. Speaker. The insurance premiums that we pay, or that are paid to the companies that provide coverage, if the premium is paid in May, is that premium used to cover all claims that were made or initiated in the month of May or is it prospective where premiums paid in May, a claim is made in June.

Does the premium paid in May also cover the claim that's made in June?

Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, I can't speak to that with any certitude. It's safe to say the amount of money you pay an insurance company to provide coverage covers all of the claims that you incur in a certain period of time, plus reserves, which you will set

aside to pay the tail for things that come in after a period of time when you no longer have that insurance.

So whether you pay in May, or you pay in June, a certain amount is going to pay for the claims that came in in May, a certain amount will probably go to pay the claims that come in in June, and a certain amount will be set aside on top of profits and admin costs for the reserves to cover the tail.

Through you.

DEPUTY SPEAKER ALTOBELLO:

Representative Hamzy.

REP. HAMZY (78th):

Thank you, Mr. Speaker. Mr. Speaker, I understand a lot of municipalities and larger companies convert to a self-insured plan in order to avoid the mandates that we impose upon health insurance companies.

Through you, Mr. Speaker, if this, if the state plan does become a self-insured plan, will the state avoid the mandates that are imposed by our state laws?

Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, no. The state plan currently covers all mandated benefits and the Comptroller has indicated that we will continue to cover all mandated benefits, even if we are self insured.

Through you.

DEPUTY SPEAKER ALTOBELLO:

Representative Hamzy.

REP. HAMZY (78th):

Through you, Mr. Speaker, is there anything that requires the Comptroller to establish a plan that conforms with all current state mandates in This amendment?

DEPUTY SPEAKER ALTOBELLO:

Representative Fontana.

REP. FONTANA (87th):

Thank you, Mr. Speaker, through you. I would be happy to review the proposed amendment, but I don't believe there's anything in here that explicitly requires the Comptroller to cover all mandated benefits that the state program currently covers. However, I will check.

Through you.

DEPUTY SPEAKER ALTOBELLO:

Representative Hamzy.

REP. HAMZY (78th):

Through you, Mr. Speaker, I read through the amendment a few times. I did not see anything that requires the Comptroller to establish a plan that conforms with the current state mandates, and that's why I asked the question.

So through you to the proponent of the amendment, did I miss something or has it been confirmed that it is not included in This amendment? Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, no, I'm happy to stipulate that the gentleman read the Bill correctly and again, it comports with my understanding of it. There's nothing explicit in the Bill that requires the Comptroller to honor the existing state mandates.

Through you.

DEPUTY SPEAKER ALTOBELLO:

Representative Hamzy.

REP. HAMZY (78th):

Through you, Mr. Speaker, was there an actuarial study or some sort of professional opinion rendered that would indicate to us that switching over to a self-insured plan would be fiscally responsible?

Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, we used the analysis presented and provided to us by the Comptroller of the cost savings. Through you.

DEPUTY SPEAKER ALTOBELLO:

Representative Hamzy.

REP. HAMZY (78th):

Through you, Mr. Speaker, did the Comptroller have a study performed by any health actuarial, firm or some professional to allow her to draw that conclusion?

Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, I'm not sure. I don't believe so, but I don't know for sure. Through you.

DEPUTY SPEAKER ALTOBELLO:

Representative Hamzy.

REP. HAMZY (78th):

Through you, Mr. Speaker, if the proponent of the amendment is able to, what would that opinion be based on that this would be a responsible transition to make?

Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, if I had to guess, I would say the Comptroller's 14 or 15 years of experience providing health insurance coverage to state employees, dependents or retirees. Through you.

DEPUTY SPEAKER ALTOBELLO:

Representative Hamzy.

REP. HAMZY (78th):

Through you, Mr. Speaker, do you know if the Comptroller's office prepared a study that would confirm or indicate or give us reason to believe that this is a fiscally responsible change to make?

Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Fontana.

REP. FONTANA (87th):

Well, through you, Mr. Speaker, I do not know.

DEPUTY SPEAKER ALTOBELLO:

Representative Hamzy.

REP. HAMZY (78th):

Through you, Mr. Speaker, how can the conclusion be drawn then? I'll withdraw that question.

Through you, Mr. Speaker, let me just go through sort of the elements of the cost of insurance. How does this plan reduce the cost of insurance?

Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, as we discussed, there are two explicit ways and setting aside the discussion we've already had about the $70 million, there's an ongoing year over year savings of $10 million to $20 million based on eliminating the profits that we pay insurance companies, as well as the risk charge, the risk charge, which we may or may not seek to offset by purchasing stop loss coverage.

So that is specific savings that we create, regardless of how you view the $70 million, that is real ongoing savings.

Beyond that there are the qualitative or less quantitative aspects of the program, which would involve pursuing things, which to this point we have not pursued with as much ability as we would like, which is having to do with lifestyle management, prevention, wellness and so forth, things, which we can introduce to help to reduce our claims experience by trying to shift toward less expensive preventive measures instead of more expensive sick care, if you will. Through you.

DEPUTY SPEAKER ALTOBELLO:

Representative Hamzy.

REP. HAMZY (78th):

Through you, Mr. Speaker, with regard to the wellness programs that the proponent mentioned, obviously insurance is made up of many different factors, health insurance. There is a profit portion that the Chairman of the Insurance Committee mentioned, but the predominant cost of health insurance as I think everybody in this Chamber recognizes, is the level of claims that are made.

And in order to reduce the number and the amount of claims that are made, there are certain programs that can be enacted such as wellness programs, preventative medicine, et cetera.

Other than someone's self interest of living healthier, what incentives could be offered under a self- insured plan that are not already offered under the current plan that we have? Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, I don't know offhand. I'm expecting that there could be any number of things, which our insurance companies may have declined to implement, or to implement the way we would prefer for various reasons.

So, again, there certainly won't be a reduced universe. Like I said, there can only be an increased universe of possibilities.

I would also mention, Mr. Speaker if I could, that the cost savings in addition to the prevention and wellness we've been discussing, will align more closely with spreading administrative costs over a

larger pool of insureds as well as leveraging our increased bargaining power to get increasingly favorable rates from third party administrators and potentially others.

Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Hamzy.

REP. HAMZY (78th):

Thank you, Mr. Speaker. Does the, let me step back. With regard to the Chairman of the Insurance Committee mentioned increasing a pool.

Through you, Mr. Speaker, as I understand it we have roughly 75,000 people that are currently insured under the state employee health system.

Through you, Mr. Speaker to Representative Fontana, do you know, how does the average cost of the state employee health insurance compare with the average cost of say the federal system, which has a much larger pool of participants? Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, I don't have that information. Through you.

DEPUTY SPEAKER ALTOBELLO:

Representative Hamzy.

REP. HAMZY (78th):

The reason why I asked that question is because there are a whole host of pools that are much larger than the state employee system where that cost is greater than the cost of the, of our state employee health insurance plan.

And so, while I believe pools and the number of people in a pool is one factor in calculating the cost of health insurance, I don't believe it's the determinate factor.

As I mentioned, I think the determinate factor is the number of claims that are made to various health insurance plans.

And so I think when we talk about the size of the pool, there is a point of diminishing returns where regardless of what the size is, the cost is not going to be affected one way or the other.

So I think the presumption that if we increase the size of the pool that we currently have, that somehow the cost is going to come down, I don't think,

I don't think is a valid conclusion to draw when you look at the number of other health insurance pools that are much larger, where the cost is equal or greater.

Through you, Mr. Speaker, is it your conclusion or is it your opinion that because the size of the pool could now get larger that the cost of the insurance will decrease?

Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Fontana.

REP. FONTANA (87th):

I'm sorry, could the gentleman repeat his question? I didn't catch every word he said in that sentence.

Through you.

DEPUTY SPEAKER ALTOBELLO:

Representative Hamzy.

REP. HAMZY (78th):

It was a long way to get to my question. I understand that. But through you, Mr. Speaker, is it your opinion that by increasing the size of the state employee health insurance plan, that that will result

in a lower cost of the insurance? Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, not necessarily, and I thank the gentleman for repeating his question. It would result in lower administrative costs per covered life, not necessarily in lower administrative costs. What we're after is lower administrative costs per covered life.

Through you.

DEPUTY SPEAKER ALTOBELLO:

Representative Hamzy.

REP. HAMZY (78th):

Through you, Mr. Speaker, how would that be?

DEPUTY SPEAKER ALTOBELLO:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker. Example. Two hundred thousand state employees, retirees and dependents, say there's a million dollars in administrative costs. You have 100,000 people, you've got 300,000 people, and you add $100,000 in administrative costs. You've

actually increased your administrative costs but you've now spread $1.1 million across 300,000 lives and so that $1 million across 200,000 lives, thereby reducing the administrative costs per covered life, even though your administrative costs have actually increased. Hypothetical example, Mr. Speaker, through you.

DEPUTY SPEAKER ALTOBELLO:

Representative Hamzy.

REP. HAMZY (78th):

Thank you, Mr. Speaker. And with regard to how it will be determined that municipalities, small employers, nonprofit agencies choose to join the state health insurance plan, would it be an accurate statement to say that those decisions would be made by cities and towns and nonprofits whose current health insurance plans cost more than the state health insurance plan?

Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, another Member of the Chamber asked me that question a while back. I don't

remember if it was Representative Perillo or Candelora or Williams, but essentially, I could foresee very easily, people who spend both less per person and those who spend more per person, finding the state plan attractive.

It would depend upon whether they value more importantly lowering their cost or increasing the quality and comprehensiveness of the benefits package they offer.

So depending upon the scenario in which one would construct a hypothetical, I could see people from both perspectives joining the plan. Through you.

DEPUTY SPEAKER ALTOBELLO:

Representative Hamzy.

REP. HAMZY (78th):

And through you, Mr. Speaker, how would this provide insurance to someone who is currently uninsured?

DEPUTY SPEAKER ALTOBELLO:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, we actually had a question on this earlier as well, and the way it would work is to the extent that there are nonprofits,

municipally related employers or small employers who do not provide health insurance to their employees but who now may provide health insurance to their employees as a result of gaining access to this pool or plan, we can reduce the number of uninsured.

And our understanding is that there are a number of small businesses that for whatever reason cannot afford or cannot provide their employees with the kind of coverage that they want, so this will be an attractive option for them.

Whether they choose to take it or not will be up to them. But to the extent that they are currently not providing insurance, and potentially exposing their employees to uninsurance or under insurance, this would help to serve to reduce the number of uninsured.

Through you.

DEPUTY SPEAKER ALTOBELLO:

Representative Hamzy.

REP. HAMZY (78th):

So through you, Mr. Speaker, it's your opinion that if a nonprofit agency or a small employer cannot afford to purchase insurance in the private market, which in all likelihood would cost much less than the

state plan, that they would somehow now avail themselves of this option?

Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Fontana.

REP. FONTANA (87th):

Well, through you, Mr. Speaker, again recognizing that in the private sector, quite often people are not offered the same kind of products, necessarily, that the state plan represents.

Again we, many people, Representative Gibbons today, talked about how rich and comprehensive the state plan is. It's conceivable that that's not available to people in the private sector, especially at the price that we can negotiate for ourselves, and there's every indication that people who are in smaller pools cannot get the same kind of price we can for the same coverage.

So to that extent, Mr. Speaker, it's conceivable that a small business owner will say, you know what, I cannot cover my 15 employees at the cost of $16,000 per person, but if it costs me $8,000 or $10,000 under the state plan, then I can afford it. Through you.

DEPUTY SPEAKER ALTOBELLO:

Representative Hamzy.

REP. HAMZY (78th):

Through you, Mr. Speaker, which of the state family plans cost between $8,000 and $10,000?

DEPUTY SPEAKER ALTOBELLO:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, that was a hypothetical example. The family plans cost somewhere in the range of $15,000, $16,000, $17,000.

For individuals, they range, I believe from around $5,000 to $8,000. Through you.

DEPUTY SPEAKER ALTOBELLO:

Representative Hamzy.

REP. HAMZY (78th):

Through you, Mr. Speaker. I apologize. I thought you were referencing the current state family plans between $8,000 and $10,000.

Through you, Mr. Speaker, with regard to the creation of the provider network, obviously now with the three health insurance companies that are retained by the state, there are different provider networks, there is some overlap.

But how, let me step back. Would the Comptroller be responsible for creating this provider network through the self-insured plan? Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, no.

DEPUTY SPEAKER ALTOBELLO:

Representative Hamzy.

REP. HAMZY (78th):

Through you, Mr. Speaker, would it be the administrator that would be responsible for that?

DEPUTY SPEAKER ALTOBELLO:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, I would expect that the administrator would have a direct role to play in creating that or using an existing provider network.

Through you.

DEPUTY SPEAKER ALTOBELLO:

Representative Hamzy.

REP. HAMZY (78th):

Through you, Mr. Speaker, how would that network be created?

DEPUTY SPEAKER ALTOBELLO:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, very easily. Anthem, Connecticare, and again, I apologize, I know it's either Health Net or Oxford. We'll find out. I don't want to impugn anyone who's not providing it.

All right. I've been impugning Connecticare. I apologize. Anthem, Oxford and Health Net. Each one of them has networks, you know, networks, Mr. Speaker and each one of them I believe currently offer fully insured and self-insured plans as third party administrators.

So they already maintain their networks and they provide products and services to people under a fully insured and self-insured basis. So I would expect that once this Bill passes and becomes law, hopefully with my colleagues' support, Anthem and the other two will call up the Comptroller and say, you know what? We've got a great network and we're thrilled with the idea of becoming your TPA.

So how about coming over and using the exact same doctors that your people have been using? And you know what? My guess is the Comptroller will say that sounds like a swell idea. Through you.

DEPUTY SPEAKER ALTOBELLO:

Representative Hamzy.

REP. HAMZY (78th):

And through you, Mr. Speaker, as I understand the Bill, the Comptroller would have to issue and RFP for companies to serve as a third party administrator.

If someone is currently enrolled in Anthem/Blue Cross and Blue Shield and has a doctor of his or her choice within that plan, and when the RFP is issued, if the Comptroller selects Connecticare, let's say as the administrator, and Connecticare has its own provider network, which does not include the doctors that are currently, or providers that are in Anthem's network, would that require the state employee to change his or her provider? Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, not necessarily. As the gentleman will note in Lines 289 to 294, we allow

the Comptroller to enter into contracts with third party administrators, so we contemplate the possibility of more than one third party administrator.

Beyond that, Mr. Speaker, it's also the case that there are many providers who are members of more than one provider network and so it's not necessarily the case that if Connecticare is the only third party administrator, which I don't expect necessarily will be the case, that a provider will not be in, a desired provider will not be in the network because they belong to more than one network quite often. Through you.

DEPUTY SPEAKER ALTOBELLO:

Representative Hamzy.

REP. HAMZY (78th):

Okay, so under the amendment as proposed, the Comptroller would be allowed to contract with all three current health insurance providers.

Through you, Mr. Speaker, is that accurate?

DEPUTY SPEAKER ALTOBELLO:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, yes. And in fact, even others as well. Through you.

DEPUTY SPEAKER ALTOBELLO:

Representative Hamzy.

REP. HAMZY (78th):

Thank you, Mr. Speaker. I just have, oh, with regard to payments to providers, how would those be established or negotiated? Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, that would be part and parcel, I think of essentially leveraging a pre-existing network, most likely maintained by an existing third party administrator or third party administrators.

Again, we contemplate no change in the method by which insureds receive care. Again, they'll get the card. They'll get the list. They'll make their appointments. They'll get their claims paid. They'll submit them for reimbursement. The only issue will be who's dealing with it on the back end.

There won't be an insurance company on the back end. We'll be self insuring. Other than that, the

idea is to make it transparent and identical to what's currently in place. Through you.

DEPUTY SPEAKER ALTOBELLO:

Representative Hamzy.

REP. HAMZY (78th):

Thank you, Mr. Speaker. But again, this entire system that's being contemplated has not been vetted by any actuarial firm, has not been investigated by any professionals in the field. These are all conclusions or assumptions that are being made based upon an opinion that was rendered without the benefit of a study, without the benefit of any in depth research of the feasibility or viability. That's my concern with this.

Now, I'll set aside that. Just a couple more questions with regard to the Bill itself. In Lines 15 and 16, I'm sorry, of the amendment. There's a bracketing out of the words, until they reach the age of 18. But what is the reason for that change? Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, I'm not positive. That may be to conform to the bill we passed last year, I believe, dealing with children of adults who reached the age of, covered through the age of 26. I don't know. I'd have to ask about that language. Through you.

DEPUTY SPEAKER ALTOBELLO:

Representative Hamzy.

REP. HAMZY (78th):

And through you, Mr. Speaker, there are also similar changes apparently made in Lines 137 through 140 of the amendment.

DEPUTY SPEAKER ALTOBELLO:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, again, if I had to guess, and I apologize, only a guess. My guess is that we have bracketed this language to reflect a particular law we passed last year extending the eligibility of adult children to the age of 26, in which case there may be another statute, which would apply to the provision of benefits under this particular statute, and therefore obviate the need or

obligate us to remove this language, which would be in conflict.

But again, that's just my guess. Through you.

DEPUTY SPEAKER ALTOBELLO:

Representative Hamzy.

REP. HAMZY (78th):

Through you, Mr. Speaker, in Section 3 of the Bill, Lines 332 through 333, there's language in there that reads, notwithstanding the provisions of Title 38(a) of the General Statutes.

Through you, Mr. Speaker, what is the impact, or what is the reason for that language?

DEPUTY SPEAKER ALTOBELLO:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, if memory serves, 38(a), Title 38(a) of the General Statutes deals with our laws related to insurance and I believe provides for the regulation of insurance by the Insurance Commissioner.

This removes jurisdiction of the Insurance Department for plan or plans offered under This amendment and this Bill. Through you.

DEPUTY SPEAKER ALTOBELLO:

Representative Hamzy.

REP. HAMZY (78th):

Thank you, Mr. Speaker. And so would that mean that if a state employee had a complaint that that would no longer be made to the Insurance Department?

Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, I believe that if a state employee had a complaint, most likely that would be passed up through the chain of his or her bargaining unit and ultimately to SEBAC, and the HCCC.

So no, I don't believe that the Insurance Commissioner has had jurisdiction over the state employee health plan to this point. So that wouldn't be anything new. We're just seeking to reflect current practice, which removes it from the regulation of the Insurance Commissioner, because the Insurance Commissioner is focused on regulating employer-sponsored insurance and private insurance offerings, not supervision of health insurance to state employees.

That's under Title 5, I believe, of the General Statutes, which we're amending in Section 1, which is the authority for the Comptroller to provide health insurance to state employees, dependents and retirees.

Through you.

DEPUTY SPEAKER ALTOBELLO:

Representative Hamzy.

REP. HAMZY (78th):

Through you, Mr. Speaker, in the plan that we have currently, are we not an employer-sponsored insurance plan?

DEPUTY SPEAKER ALTOBELLO:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, we may be, but we're not subject to the regulation by the Insurance Commissioner because again, the ability of the Comptroller to procure health insurance for state employees, dependents and retirees falls under Title 5 and not Title 38(a), so it's outside of Insurance Department regulation.

Through you.

DEPUTY SPEAKER ALTOBELLO:

Representative Hamzy.

REP. HAMZY (78th):

And through you, Mr. Speaker, then why is this language in This amendment?

DEPUTY SPEAKER ALTOBELLO:

Representative Fontana.

REP. FONTANA (87th):

I'm sorry, Mr. Speaker, could the gentleman please repeat his question?

DEPUTY SPEAKER ALTOBELLO:

Representative Hamzy.

REP. HAMZY (78th):

Certainly. The question was, then why is this language in This amendment. If the plan that we have now is currently not subject to the Department of Insurance regulations, then why do we need this language that says, not withstanding the provisions of Title 38(a) of the General Statutes in This amendment?

DEPUTY SPEAKER ALTOBELLO:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, because of the language that follows in Lines 333 to 339, the intention here is to offer coverage under the state employee plan to non-state public employers, municipal related

employers, small employers and nonprofit employers and the respective retirees if applicable, just to clarify that they in fact do not, or will not, fall under Title 38(a), we have included that language. Through you.

DEPUTY SPEAKER ALTOBELLO:

Representative Hamzy.

REP. HAMZY (78th):

And through you, Mr. Speaker, if a municipality decides to join the state plan and an employee had a complaint, how, where would that complaint be lodged?

Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Fontana.

REP. FONTANA (87th):

Offhand, Mr. Speaker, through you, I would say the Comptroller.

DEPUTY SPEAKER ALTOBELLO:

Representative Hamzy.

REP. HAMZY (78th):

And through you, Mr. Speaker, is there a provision in This amendment where the Comptroller is obligated to create a mechanism to handle complaints?

Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, I don't believe so.

DEPUTY SPEAKER ALTOBELLO:

Representative Hamzy.

REP. HAMZY (78th):

Through you, Mr. Speaker, obviously, like Representative Fontana, I do field calls from constituents who maybe have a claim that's denied by their insurance company, and there is a process by which they can take an appeal.

Through you, Mr. Speaker, is there a mechanism if we were to go to a self-insured plan, is there a mechanism that would be in place to handle those types of issues?

Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker. I think it bears repeating at this point, that again what we're doing is, we're reinstating, if you will, the self-insurance program that we maintained as a state up through 1997.

So whatever we did to resolve complaints in 1996, 1995, 1994, will still apply, or re-apply, as the case may be. Through you.

DEPUTY SPEAKER ALTOBELLO:

Representative Hamzy.

REP. HAMZY (78th):

Thank you, Mr. Speaker, but as I understood it, and I believe this to be true, in 1995 or 1996 and all the years prior to that, the state plan was not open to municipalities, nonprofits or small employers.

Through you, Mr. Speaker, is that an accurate statement?

DEPUTY SPEAKER ALTOBELLO:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, yes, it is accurate, and it's also the case that complaints have been handled on the part of state employees, dependents or retirees through the state plans for years, and in fact municipalities, nonprofits and small businesses that have belonged to the MEHIP program to the Comptroller's office have also had a mechanism to address, to have their complaints addressed satisfactorily. Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Hamzy.

REP. HAMZY (78th):

Through you, Mr. Speaker, does the language as contained in this section also exempt the state employee plan from solvency requirements?

Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, to the extent that it's in Section, Title 38(a), yes. Through you, Mr. Speaker, again, it says, 38(a) does not apply. It does not apply, the provisions of 38(a) will not apply to this plan or program.

Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Hamzy.

REP. HAMZY (78th):

Through you, Mr. Speaker, and as was discussed earlier, nor would the mandated coverages apply as those are contained in Section 38(a).

Through you, Mr. Speaker, with regard to the commitment that's required, anyone who chooses to

enroll in the state employee health plan is required to give a two-year commitment, I believe.

Through you, Mr. Speaker, is that accurate?

DEPUTY SPEAKER ALTOBELLO:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, yes, it is.

DEPUTY SPEAKER ALTOBELLO:

Representative Hamzy.

REP. HAMZY (78th):

Through you, Mr. Speaker. If a municipality or a participant chooses to withdraw prior to the expiration of the two years, is there a penalty that's contemplated in the amendment? Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, in Lines 355, 356, 357, 358 and 359, the Comptroller shall develop procedures by which employers receiving coverage of their employees may withdraw. Through you.

DEPUTY SPEAKER ALTOBELLO:

Representative Hamzy.

REP. HAMZY (78th):

Yes, I did see that language in there, but if a municipality decided to join and did not, would not satisfy the experience, there was a change in administration, whatever the reason, and they decided to withdraw prior to the two-year period, are there any penalties that are contained in This amendment for that decision?

DEPUTY SPEAKER ALTOBELLO:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, again, in Line 356, the Comptroller will develop procedures, including but not limited to the terms and conditions under which such employers may withdraw.

So to the extent that the Comptroller feels it appropriate to establish a penalty of some kind, she will be well within her ability to do so. Through you.

DEPUTY SPEAKER ALTOBELLO:

Representative Hamzy.

REP. HAMZY (78th):

And through you, Mr. Speaker, how will the Comptroller develop these procedures?

DEPUTY SPEAKER ALTOBELLO:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, the Bill is silent as to how she will do it. Through you.

DEPUTY SPEAKER ALTOBELLO:

Representative Hamzy.

REP. HAMZY (78th):

Through you, Mr. Speaker, there's no provision for the Comptroller to issue an executive order or a mandate on her own that I'm aware of. Is that accurate?

Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, the only other answer I could provide the gentleman is that in Lines 642 through 645, we enable the Comptroller to adopt regulations to implement and administer the state employee plan and the provisions of Section 2 to 7 inclusive of this act, which would include the material in Lines 345 et sequentia.

Through you.

DEPUTY SPEAKER ALTOBELLO:

Representative Hamzy.

REP. HAMZY (78th):

That was actually another question that I had. In this, in the provision of This amendment, we are not requiring the Comptroller to enact regulations, we are allowing the Comptroller the discretion to enact regulations.

And my question is, how will the, how will this plan be administered if the Comptroller chooses not to enact regulations? Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Fontana,

REP. FONTANA (87th):

Through you, Mr. Speaker, I would imagine it will operate much in the same fashion as many insurance programs under Title 38(a) currently operate.

The gentleman may be aware that the Insurance Commissioner does not promulgate regulations across a broad array of state statutes in Title 38(a). We enable him to do regulations and in some places it's like we don't even require or enable them to do regulations at all.

He does it by guideline rule or bulletin. I'm thinking of auto insurance in particular, Mr. Speaker.

So if the Insurance Commissioner can regulate a very large private market by rule, bulletin and guidelines, I believe that the Comptroller can develop reasonable and effective procedures to handle the state employee pool and those who would seek to join it. Through you.

DEPUTY SPEAKER ALTOBELLO:

Representative Hamzy.

REP. HAMZY (78th):

Thank you, Mr. Speaker. With regard to Sections, I'm sorry, Lines 421 through 439, it discusses if a non-state employer chooses to provide coverage to less than all of their employees, that the Comptroller is required to perform an actuarial study of whether or not that would create a significantly disproportionate shifting of the costs, if you will.

Through you, Mr. Speaker, who hires the actuary?

DEPUTY SPEAKER ALTOBELLO:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, I would imagine the Comptroller does. Through you.

DEPUTY SPEAKER ALTOBELLO:

Representative Hamzy.

REP. HAMZY (78th):

And through you, Mr. Speaker, how is the cost paid for? Is it paid for as an administrative cost of the health insurance plan, or is it paid for as part of the Comptroller's budget? Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, I'll review the fiscal note, but offhand I would imagine it will be as an administrative cost. Through you.

DEPUTY SPEAKER ALTOBELLO:

Representative Hamzy.

REP. HAMZY (78th):

And through you, Mr. Speaker, I just find it a little curious that we are requiring the Comptroller to conduct an actuarial study of a group of municipal employees who may disproportionately affect the medical risks of the state employee plan, but we did not require an actuarial study of the decision to

convert to a self-insured plan, and I just find that a little curious as to why that is.

With regard to the language as contained in Line 428, which indicates a significantly disproportional part of employer's employees medical risk, is that term significantly disproportional? Is it defined anywhere?

DEPUTY SPEAKER ALTOBELLO:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, I can review the amendment, but I don't believe so. Through you.

DEPUTY SPEAKER ALTOBELLO:

Representative Hamzy.

REP. HAMZY (78th):

And through you, Mr. Speaker, would there be a way, an objective way, to make that determination?

Through you, Mr. Speaker, in other words, if it's a five percent increase, does that mean it's not significantly disproportional, whereas if it's a seven percent increase now it does become significantly disproportional?

Through you, Mr. Speaker, I'm curious as to how that conclusion would be drawn.

DEPUTY SPEAKER ALTOBELLO:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, I would imagine the actuary would utilize his existing base of expertise to make that determination, perhaps in conjunction with procedures or guidelines developed by the Comptroller pursuant to her authority to provide guidance to him or her as to how to evaluate such risk. Through you.

DEPUTY SPEAKER ALTOBELLO:

Representative Hamzy.

REP. HAMZY (78th):

Through you, Mr. Speaker, later on in that section, and obviously a couple other sections, which have similar language, it seems like there's a default where if this process does not meet the deadlines that are established, there is a presumption that that group of employees would automatically be included in the plan.

Through you, Mr. Speaker, is that accurate?

DEPUTY SPEAKER ALTOBELLO:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, again, I think that the language does try to be consistent, is meant to facilitate employers of various types joining the pool, particularly if they bring their entire pool as an application to the state for inclusion in the pool at the state level.

There's no, there's no basis for, at this point, prospectively determining whether or not, in fact, employers are going to try to intentionally gain the system by trying to offload the worst risks, and if they do, the Comptroller and the actuary, I should think, will be able to identify that pretty quickly.

Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Hamzy.

REP. HAMZY (78th):

Through you, Mr. Speaker, that's not the inference I was trying to make. The question I was trying to ask is that the language in the amendment seems to create a default that you are, your employees are accepted unless specifically rejected if the deadlines are not met.

And through you, Mr. Speaker, I was just wondering why, why the language was drafted in that manner?

DEPUTY SPEAKER ALTOBELLO:

Representative Fontana.

REP. FONTANA (87th):

Well, again, Mr. Speaker, I think we want to very possible to facilitate pools of insureds join the state pool if they choose to, particularly if they represent no shifting of disproportionate risk, and again, the actuary has it within his ability or her ability to make this determination in what the Comptroller herself believes is a reasonable timeframe. Through you.

DEPUTY SPEAKER ALTOBELLO:

Representative Hamzy.

REP. HAMZY (78th):

Thank you, Mr. Speaker. Through you, Mr. Speaker, why isn't that study required even if a municipality decides to enroll all of its employees as opposed to just some of their employees?

DEPUTY SPEAKER ALTOBELLO:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, let me, there's another section I believe that applies to that aspect, and I will try to find it.

Through you, Mr. Speaker, just to answer the gentleman's previous question. He had asked about how it would be that the Comptroller and the actuary would evaluate or assess the risk of these pools, and Lines 475 through 480 talk about how it is that in fact the Comptroller shall consult with an actuary who shall develop actuarial standards. So that's--

To answer the gentleman's question, there's every indication that municipal employee pools are very similar to the state employee pool, and again, given the size of the state employee pool, and the fact that if a municipal employee pool currently has insurance, that means that an insurance company had determined that that pool over all doesn't represent any known risk in and of itself, because if it did, the insurance company would not insure them.

So by including them in the pool overall, what we are saying is that their risk, taken as a whole, doesn't disproportionately shift the overall risk of the underlying pool because they have had insurance.

Every municipality in the state, as far as I'm aware, provides insurance of some kind to its employees. So by moving their employees to the state pool, they are moving a pool into a larger pool, and there's no implication that any municipality's pool in and of itself is hugely disproportionately risky, because if they were, they most likely wouldn't even have insurance. Through you.

DEPUTY SPEAKER ALTOBELLO:

Representative Hamzy.

REP. HAMZY (78th):

Through you, Mr. Speaker. I just have a couple more questions. With regard to, there was a discussion earlier about a reserve fund, and the only language that I found in the amendment that even mentioned the reserve, mentioned a reserve, was in Lines 555 through 557.

Through you, Mr. Speaker, This amendment as I read it, does not require the Comptroller to establish a reserve fund, but is subjective. In other words, it's in the Comptroller's discretion.

Through you, Mr. Speaker if there is no reserve fund that is created, who bears the responsibility for

a, for the claims that may be above and beyond what the premiums are paid? Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, I think the gentleman is actually misreading the amendment. In 556 it actually says, the Comptroller may charge a fluctuating reserve's fee. It doesn't say that she may establish a reserves fund.

We contemplate her establishing a reserve fund. The issue is whether or not she will charge a fee or not for that purpose, and that's where we permit her to do so.

Through you.

DEPUTY SPEAKER ALTOBELLO:

Representative Hamzy.

REP. HAMZY (78th):

Through you, Mr. Speaker, if she chooses not to charge the fee, how would the fund be created?

DEPUTY SPEAKER ALTOBELLO:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, it might be through the administrative fee identified in Line 555. It may also be through the use of premium payments in excess of that required to pay claims otherwise collected from the employers under Lines 550 through 553. Through you.

DEPUTY SPEAKER ALTOBELLO:

Representative Hamzy.

REP. HAMZY (78th):

Through you, Mr. Speaker, just a final question. Has there been any study done or a look taken at the impact on those employers such as Anthem Blue Cross and Blue Shield or Oxford Health Net or Connecticare that currently provide health insurance to state employees?

Has there been a study done on what impact the creation of this self-insured fund would have on those companies and the people that work for those companies?

Through you, Mr. Speaker.

\DEPUTY SPEAKER ALTOBELLO:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, not to my knowledge.

DEPUTY SPEAKER ALTOBELLO:

Representative Hamzy.

REP. HAMZY (78th):

Through you, Mr. Speaker, and I want to thank the Chairman of the Insurance Committee. I know it's been a long process for him to explain this Bill, and I appreciate his responses.

Mr. Speaker, I think there are a few things that were elicited through the question and answer session that I had with Representative Fontana.

First and foremost is the fact that the decision to convert our health insurance plan to a self-insured plan has not been studied in any way, shape or form as to whether or not that is fiscally responsible.

The decision to convert to a self-insured plan is not a bad decision in and of itself. In fact, as has been stated earlier, it's done on a universal basis amongst large companies, municipalities, et cetera.

But those decisions are made after it's been determined to be a responsible change to make. We have no idea, none, if this decision to convert to a self-insured plan is fiscally responsible. There hasn't been one study done. There hasn't been one actuary that's been consulted.

No one has responsibly or reasonably informed us that this is a good decision to make.

To me, that should be the primary reason to vote against This amendment. But there are many other reasons.

We also don't know the impact that this will have on those people who work for those insurance companies, health insurance companies that are currently located in this state. Anthem Blue Cross and Blue Shield, with a campus in I believe it's North Haven or Wallingford, or wherever they are, Connecticare in Farmington, we have no idea that if we convert to a self-insured plan, how many people will get laid off, or how many of those people will lose their jobs.

We also are making assumptions that the state can administer this program, or this health insurance plan better than the experts that currently do this job.

It was 12 short years ago that we made the decision to convert to the current system that we live under. Now, I would be left to conclude that the only reason we are converting to a self-insured plan is because without the self-insured plan there would be

quite a hefty fiscal note, and that fiscal note would probably be enough to kill this Bill.

But in order to avoid that fiscal note, we don't eliminate any of the liabilities that will currently be obligated by claims that are made by state employees. No. What we're saying is that, we'll take advantage of this lag in time between the period that we discontinue the current plan, and the period we create our self-insured plan, and we use those "savings" to create the self-insured plan, completely ignoring the fact that the liabilities for those existing claims will still be ours, just like the obligations that we have for the unfunded liabilities that we currently have for our pension system, for our healthcare system, for all of those unfunded liabilities that the state currently has. Disregard them and add to it.

Now I ask you, I ask you to take a step back and rationally analyze this Bill, with all the questions that it has, with all the defects that it has, and make an honest assessment as to whether or not we even have a modicum of information necessary to make this type of decision and this type of policy change for the people of the State of Connecticut.

I believe the only rational answer would be to oppose the amendment. Thank you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

And I thank you, Representative Hamzy. Representative Alberts of the 50th District, you have the floor, sir.

REP. ALBERTS (50th):

Good evening, Mr. Speaker, if I may, several questions to the proponent of the amendment.

DEPUTY SPEAKER ALTOBELLO:

You may. Please proceed, sir.

REP. ALBERTS (50th):

Thank you, Mr. Speaker. In Line 32, there's reference to the definition of what an employee is, and as I read it here, it says any regular employee or elected officer receiving pay.

Through you, Mr. Speaker, is this regardless of the dollar amount of pay? I have many employees, municipal employees who are receiving stipends of $250, $500, would they be eligible under this provision?

Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, again, we discussed this before and one of the things that we discussed was whether or not essentially the municipality would be in the driver's seat to determine who would be part of their application, whom they would consider an employee to receive healthcare, and I mentioned that I am an elected officer in the Town of North Haven, and I actually do receive pay, a stipend of $1,000 a year, but I do not receive healthcare.

So I can't imagine the Town of North Haven if they chose to participate including me. If I and the other selectmen chose to or sought to, or wanted to participate, I would imagine we would take it up with the municipality itself because the municipalities are the ones putting forward the application. Through you.

DEPUTY SPEAKER ALTOBELLO:

Representative Alberts.

REP. ALBERTS (50th):

Thank you, Mr. Speaker. So this, these lines shouldn't be construed that the state would be requiring that each elected official would be eligible, but rather that each elected official that

the municipality may also deem eligible would be a recipient of these potential benefits. Is that correct? Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, again, yes. We see this working in such fashion that the municipality will identify its pool or pools, and recognizing that for the purposes of the Bill we treat the board of education and the town side of each town a separate pool, that they would decide who is part of each pool and who is not, and that they would therefore then make that application on that basis.

Through you.

DEPUTY SPEAKER ALTOBELLO:

Representative Alberts.

REP. ALBERTS (50th):

Thank you, Mr. Speaker. In Line 207 there is reference to the definition of municipalities and I just want to clarify for legislative intent that the phrase regional planning agency would include regional councils of government. Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, my understanding is, and I don't see Representative Sharkey here, so I will take a stab at it myself.

But my understanding is that yes, councils of government are considered regional planning agencies.

Through you.

DEPUTY SPEAKER ALTOBELLO:

Representative Alberts.

REP. ALBERTS (50th):

Thank you, Mr. Speaker. Looking at Lines 289 to 294, there's discussion in terms of how the Comptroller would enter into contracts with third party administrators to provide administrative services, and then I'm curious as to how the proponent envisions that this would actually go forward in terms of what the process would be.

Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker. Well, I'm loathe to speak for the Comptroller, but let me give my impression how it might operate.

Once this Bill becomes law, the Commissioner would write to each one of our insurance companies and trigger the 60-day window, essentially identify a date by which she believes that we can or should convert from a fully insured to a self-insured plan.

My guess then is she would indicate to each one of those companies that she would, or might be interested in entertaining proposals from them to participate as third party administrators under the self-insured plan and then each company would have the choice to participate or not.

She might then also, depending upon or not depending upon, actually, the response from those existing companies, she might seek other companies as well who might be interested in performing that function to assemble a selection of companies from which to choose, and then as the date got to the trigger date, the changeover date, if you will, she would enter into those contracts with those companies that she selected and then more forward with printing

cards and books and so forth and clarifying how insureds would file their claims moving forward.

Through you.

DEPUTY SPEAKER ALTOBELLO:

Representative Alberts.

REP. ALBERTS (50th):

Thank you, Mr. Speaker. Does the proponent envision that potentially small businesses might compete as potential third party administrators under this proposal, and when I mean small businesses, I mean businesses of the size we took up yesterday, revenues of under $3 million or less? Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, it's certainly possible, and I would tell you that actually the Committee, the Insurance Committee this year has been working on a bill to give the Insurance Commissioner the ability to regulate third party administrators because there are newer companies coming into the market who would like to perform that function.

Certainly, past experience is always a wonderful qualification, so I would imagine the Comptroller would look first to those companies who have been providing services under our fully insured plan, but I can't imagine she would preclude applications or expressions of interest on the part of other companies if they met her requirements for solvency, fiscal responsibility, administrative robustness, if I could use that term, Mr. Speaker, through you.

DEPUTY SPEAKER ALTOBELLO:

Representative Alberts.

REP. ALBERTS (50th):

Thank you, Mr. Speaker, and my reason for asking was, I'm trying to, and I thank the gentleman for his response because I would hope that would be what we would be trying to do.

I'm trying to reconcile that response to the lines here, which reference any such third party administrator shall be required under such contract, to charge such third party administrators lowest available rates for such services.

And yesterday we passed a bill out of the Chamber where we actually were providing a preference for micro-businesses to compete on different initiatives

on behalf of the state and actually provide them with an advantage so that potentially they may not be the lowest cost provider of a particular service, but we wanted to recognize, I believe that was the intent of our bill, was to recognize, that, you know, that there was an opportunity here to encourage small businesses and to support it, and to recognize that sometimes there is a price differential that to encourage small businesses you have to maybe make some acceptance of the fact that they may not be able to be the lowest cost provider.

It seems to me, and I would appreciate the proponent's response, that we're sort of at a juxtaposition here with that legislation that we looked at yesterday, because it looks like there may be, we're maybe working at contrarian odds, and I know we hardly ever do that here, but if I could get clarification, through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, actually, yes, I can clarify this. I don't believe the gentleman has read

the line correctly in the sense that in Line 293 it requires each TPA to offer its lowest available rate.

It doesn't require the Comptroller to choose the lowest rate. So as long as she receives the lowest available rate from each interested third party administrator, it would satisfy the terms of this particular subsection or paragraph. Through you.

DEPUTY SPEAKER ALTOBELLO:

Representative Alberts.

REP. ALBERTS (50th):

Thank you, Mr. Speaker. So therefore, the cost factor is not necessarily going to be the predominant factor here in the decision of who the third party administrator is. It would be one factor, but not necessarily the sole factor if the other conditions of the contract are met.

Is that not correct? Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, well, keeping in mind that one of the primary purposes of the Bill is to provide the lowest possible cost on healthcare to the state plan and then to the other pools.

I think that we want the Comptroller to have at least a flexibility to choose people on that basis, but I think we understand from our experiences in local government that it's not always the case that the lowest absolute bid is the one you choose necessarily to take, and so again, I would imagine the Comptroller would be looking at a variety of things, not just price, but also that that administrative robustness, solvency and fiscal responsibility matters their history, if any of the performance in the state and so forth.

So I would imagine she'll have a variety of criteria she'll evaluate. Through you.

DEPUTY SPEAKER ALTOBELLO:

Representative Alberts.

REP. ALBERTS (50th):

Thank you, Mr. Speaker. And Line 323 goes into a definition of small employers that would be eligible for this initiative, and one of my concerns, or one of my questions I would draw the proponent's attention to the line of whom were employed within this state.

I've got several small employers who maintain sales forces that do work outside of the state. They may be based within the state. How would the

proponent define or suggest we examine this line in terms of who is employed within the state? Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, that's an interesting and pretty specific and probably technical question relating to the administration of employee benefits as to where somebody is employed.

If they're based in a certain state, does that mean they reside there? Does it mean that they don't reside there but they have their office there, or they take their meetings there, or their expenses are paid from there?

I can't define for him at this point what constitutes employed within the state other than, I met a small business owner today in Connecticut who's got people in North Carolina, and so even though the company's based here for the purposes of health insurance, they've created their legal domicile, or whatever it's called, in North Carolina to use healthcare in North Carolina, which covers them here in Connecticut.

So I would imagine there's a process to determine where somebody is based, where somebody is employed.

Through you.

DEPUTY SPEAKER ALTOBELLO:

Representative Alberts.

REP. ALBERTS (50th):

Thank you, Mr. Speaker. I think that reflects a concern that other municipalities or other Representatives who represent territories, districts, that ring the border of the state may have because I'm sure the issue I have is one that's shared with others.

Line 620 addresses the non-state Public Health Care Advisory Committee and the membership, and I wanted to draw the proponent's attention to the requirement that there would be three board of education employers, and then there's a delineation in terms of the size of the populations, and it goes on to say that one of whom represents towns with populations under 20,000, which is the case for all five of my communities.

What in the proponent's mind is a board of education employer? Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, a board of education employer is a board of education that employs teachers and paraprofessionals and custodial staff and whatever.

In other words, they do hire people and they provide healthcare for people separate and apart from a local municipality's town side employees, if you will.

So that's my understanding of what a board of education employer is. It may be the case that a municipality provides one check and the check is always with the town's logo on it, representing a town's resources, but nevertheless for the purposes of health insurance, boards of education are separate and distinct from towns and town side employees.

So my guess is that is meant to imply board of education per se. Through you.

DEPUTY SPEAKER ALTOBELLO:

Representative Alberts.

REP. ALBERTS (50th):

Thank you, Mr. Speaker. So as I read this then, in my communities of course, we have the local

citizens who elect the board of education. The board of education has control over the schools, as is common in the state, and they have a superintendent of schools.

So this would essentially mean any member of the board of education as determined by that community?

Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, it says three board of education employers. It doesn't say whom, from or among those employers, so I suppose it could be a member of the board of education. It could be the superintendent. It could be the finance officer for the board of education.

I don't think it's specific as to whether it is or is not a member of the board of education per se, but it's somebody within the ambit of that entire organization, board of education, superintendent, finance officer or other members of the administration of that board of education. Through you.

REP. SPALLONE (36th):

Representative Alberts.

REP. ALBERTS (50th):

Thank you, Mr. Speaker. In a community where the superintendent reports to the board of education, would it be the proponent's belief that the superintendent would not be eligible to be this particular representative?

Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker. The way I read the language it's broad enough that if the board of education in a particular community has the opportunity to place a member on this committee, and that board of education identifies its superintendent as the person that it would prefer to have sit on the committee, I'm not sure that the Comptroller would, or the healthcare cost containment committee, or anyone else for that matter, would seek to remove that person because he or she falls outside of a great narrow interpretation on what is a board of education employer.

I should think the important thing is to have representations from people from communities of all different sizes. Through you.

DEPUTY SPEAKER ALTOBELLO:

Representative Alberts.

REP. ALBERTS (50th):

Thank you, Mr. Speaker. The reason why I asked this is, I think that there are other characteristics here that look to municipal employee representatives, and I was trying to clarify the differences between employees and employers, and I kept getting stuck on the phrase employers because before that there's reference to employees.

So I do appreciate the gentleman's responses. I think it's kind of murky to me, still, where that stands and I thank you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Thank you, Representative Alberts. Further on House "A"? Further on House "A"? If not, staff and guests please retire to the Well of the House. Members take your seats. The machine will be opened.

THE CLERK:

The House of Representatives is voting by Roll Call. Members to the Chamber.

The House is voting House Amendment Schedule "A" by Roll Call. Members to the Chamber.

SPEAKER DONOVAN:

Have all the Members voted? Have all the Members voted? If all the Members have voted please make sure your votes are properly cast.

If all Members have voted, the machine will be locked and the Clerk will please take a tally.

Will the Clerk please announce the tally.

THE CLERK:

On House Amendment Schedule "A" for House Bill Number

6582.

Total Number Voting	146
Necessary for Adoption	74
Those voting Yea	110
Those voting Nay	36
Those absent and not voting	5

SPEAKER DONOVAN:

The amendment is passed.

Will you remark further on the Bill as amended? Representative Hamzy.

REP. HAMZY (78th):

Thank you, Mr. Speaker. Mr. Speaker, with the adoption of the amendment, and considering the provisions in Section 9, which specifically require the written consent of the State Employees Bargaining Agent Coalition, I would move that this Bill be referred to Labor.

SPEAKER DONOVAN:

The motion is to refer this Bill to the Labor Committee. Without objection, I'll order a Roll Call on the objection, on the referral to the Labor Committee.

So a yes will be refer to the--

REP CAFERO (142nd):

Mr. Speaker.

SPEAKER DONOVAN:

Representative Cafero, for reason do you stand?

REP CAFERO (142nd):

A point of parliamentary inquiry, Mr. Speaker.

SPEAKER DONOVAN:

Please proceed, sir.

REP CAFERO (142nd):

Mr. Speaker, I believe the gentleman requested a referral and just to clarify, and I might be ignorant

as to this point, is that something that you rule on or that you request a vote for?

SPEAKER DONOVAN:

The gentleman requested a referral, which meant he requested a vote for.

REP CAFERO (142nd):

I see. Thank you very much, Mr. Speaker.

SPEAKER DONOVAN:

So a, Representative Hamzy. So a yes will be referred to the Committee on Labor. A no will be not to refer to the Committee on Labor. The machine will be opened.

Two seconds to put it on the board. Representative Hamzy, for what reason do you rise?

REP. HAMZY (78th):

Thank you, Mr. Speaker, I would like to clarify my request.

SPEAKER DONOVAN:

Please proceed, sir.

REP. HAMZY (78th):

Mr. Speaker, I would make a point of parliamentary inquiry. If a referral to Labor is proper with the adoption of the amendment? Thank you, Mr. Speaker.

SPEAKER DONOVAN:

Thank you, Representative. Representative, according to our Rules, 20(e)(2), the referral is not a mandatory referral but a discretionary referral. So it's not necessary that the Bill be referred to the Labor Committee.

REP. HAMZY (78th):

Mr. Speaker, I would object to the ruling of the Chair. I'm sorry, appeal. I would appeal.

SPEAKER DONOVAN:

Representative Hamzy.

REP. HAMZY (78th):

Through you, Mr. Speaker, I wish to withdraw my point of parliamentary inquiry. I'm sorry, my motion, the motion to refer. That's what I withdraw.

SPEAKER DONOVAN:

Thank you. Please withdraw the motion to refer. The Representative seeks to withdraw.

Okay, the motion before the Chamber is on passage of the Bill as amended.

REP CAFERO (142nd):

Mr. Speaker.

SPEAKER DONOVAN:

Representative Cafero.

REP CAFERO (142nd):

Thank you, Mr. Speaker, point of order.

SPEAKER DONOVAN:

Please proceed, sir.

REP CAFERO (142nd):

Mr. Speaker, I would ask that the Bill now based on the adoption of the amendment, be referred to the Committee on Labor and Public Employees. Excuse me. What?

I'd like to raise a point of order, Mr. Speaker.

SPEAKER DONOVAN:

Please proceed, sir.

REP CAFERO (142nd):

That this Bill should now go to the Committee on Labor and Public Employees.

SPEAKER DONOVAN:

Thank you, Representative. The Chamber will stand at ease.

(Chamber at ease.)

SPEAKER DONOVAN:

Representative Cafero, on your motion, point of order, the Bill before us does not have to go to the

Labor Committee according to our House Rules 20(e)(2), which states that it is not a mandatory referral, but a discretionary one.

Also, according to the ruling 541 on discretionary references, it does not have to go to the Labor Committee.

Your point is not well taken, sir.

REP CAFERO (142nd):

Thank you, Mr. Speaker. Mr. Speaker, I regretfully will request that we appeal the ruling of the Chair.

SPEAKER DONOVAN:

Is there a second?

REP. HAMZY (78th):

Second.

SPEAKER DONOVAN:

Motion made and seconded on appealing the ruling of the Chair. Members may speak once and only once on the motion to appeal, on the appeal to the ruling of the Chair, and you may only speak on the merits of the ruling.

Representative Cafero.

REP CAFERO (142nd):

Thank you, Mr. Speaker. I appeal the ruling of the Chair, and I believe that the ruling is in error because the Bill that is before us is chuck full, if you will, of references to binding arbitration, collective bargaining units, their rights under this very Bill, and yet this Bill has not been heard by the Committee on Labor, which is the obviously, the Committee on cognizance for such things.

This particular provision that I'm referring to with regard to binding arbitration and the like is the crux, if you will, of this very Bill.

We're talking about allowing, Mr. Speaker, the municipalities who join the state healthcare system, various rights with regard to whether it's a non-mandatory subject of bargaining, a mandatory subject of bargaining. There are so many issues surrounding this Bill that deal with binding arbitration, and therefore come under the cognizance of the Committee on Labor and Public Employees that it begs to be referred there, and I think it's the appropriate referral, and therefore I would appeal to the Chamber to vote to appeal the ruling of the Chair.

Thank you, Mr. Speaker.

SPEAKER DONOVAN:

Thank you, Representative. Representative Hamzy.

REP. HAMZY (78th):

Thank you, Mr. Speaker, speaking on the ruling that was made. As I pointed out earlier in Section 9 of the amendment that has been adopted, it says that this plan will not be implemented until the State Employees Bargaining Agent Coalition has provided its written consent to the Clerks of both Houses of the General Assembly to incorporate the terms of Sections 2 to 7 inclusive of this act into its collective bargaining agreement.

By its, on its face, it requires a referral to the Labor Committee. In fact, as was stated by the House Republican Leader, there are many provisions within this Bill as amended on a local level that requires their participation to be based on collective bargaining.

In fact, this Bill is virtually identical to the Bill that we took up last year with the exception of the self insured part, which last year the Bill started in the Labor Committee.

The rules that we adopted for our House this year, mirror the rules that we had last year. So I must ask you, if this Bill, the virtual identical of

this Bill started in the Labor Committee last year, how would it not be referred there this year? I would respectfully request a vote to overturn the ruling of the Chair.

SPEAKER DONOVAN:

Representative Sawyer.

REP. SAWYER (55th):

Thank you, Mr. Speaker. In speaking about the appeal of the Chair, what we know is, today we received all of this language. We received it with a lot of questions. Obviously you heard them for the last seven hours, and it has not been to the Labor Committee.

So you add the thought that we have new legislation. You add the consideration of the depth of the language that's in there as Representative Hamzy referred to. It has a past history but not this year or in this form, so at this point I would also be supporting the appeal of the Chair, and I would ask for a Roll Call.

SPEAKER DONOVAN:

Madam, there will be an automatic Roll Call. Representative Harkins.

REP. HARKINS (120th):

Mr. Speaker, I too rise in objection to the ruling. I mean, we had a very long debate on this Bill, and there are many good questions that were asked, and it is my belief there are some flaws in this Bill.

But the one part about the Bill that concerned me earlier during my statements was that this was not ever in the Labor Committee.

Last year, the Bill did originate out of Labor. There's certainly references made here in black and white that talk about binding arbitration, collective bargaining. This Bill should be sent to Labor. I believe that Committee has a right, is entitled to reviewing this Bill and a vote on it.

I think this Chamber's at a loss by this Bill not going through the proper channels. This should be heard in Labor. They should have input on it. We should look at it and see what ramifications it can have on collective bargaining agreements that we have here in the State of Connecticut.

With all the questions that have arisen, here's one that clearly can be resolved. We know where it should go. Last year we had a track record. It began

in Labor. This Bill has not visited that Committee and it should go there.

Mr. Speaker, I do object to the ruling and hope my colleagues support me as well. Thank you.

SPEAKER DONOVAN:

Thank you, Representative. Representative Merrill.

REP. MERRILL (54th):

Thank you, Mr. Speaker. The Speaker has ruled that the point was not taken, and I would respectfully mention the fact that the Speaker ruled that this is not a mandatory referral. The Speaker has not ruled that the Bill will not go to the Labor Committee. That is up to the body.

And I will remind everyone that House Rule 20 was changed significantly in the 2007 and 2008 Sessions, removing the requirement of mandatory referrals for all but five different instances, so that there, it used to be, the old rule was that if the Speaker found a nexus between the bill and a Committee that it would be a mandatory referral.

That rule is now changed, and it is up to this body to determine whether something goes to a Committee or not if it's not a mandatory referral.

So I would say, since the motion to refer was withdrawn earlier, and that this is simply about whether or not there is a mandatory referral if the Speaker is correct, according to our rules, and the point is not well taken. Thank you.

SPEAKER DONOVAN:

The question before the Chamber is upholding the rule of the Chair. A green is to uphold the ruling of the Chair. A red is to overturn the ruling of the Chair.

Green upholds. Red overturns. The machine will now be opened.

THE CLERK:

The House of Representatives is voting by Roll Call. Members to the Chamber.

The House is voting on the appeal of the ruling of the Chair by Roll Call. Members to the Chamber.

SPEAKER DONOVAN:

Have all the Members voted? Have all the Members voted? Please check the Roll Call board to make sure your vote has been properly cast.

If all Members have voted, the machine will be locked and the Clerk will please take a tally.

The Clerk please announce the tally.

THE CLERK:

On the ruling of the Chair.

Total Number Voting	143
Necessary to Sustain the Ruling of the Chair	72
Those voting Yea	108
Those voting Nay	35
Those absent and not voting	8

SPEAKER DONOVAN:

The ruling of the Chair is upheld.

Will you remark further on the Bill as amended? Representative Hamzy.

REP. HAMZY (78th):

Thank you, Mr. Speaker. Mr. Speaker, during the questions that were posed to Representative Fontana, there was a number of questions that revolved around the cost of insurance and how to manage better the increasing cost.

There is a product that is available that achieves that goal, which is not offered currently by the State Comptroller, and in order to make that option available, the Clerk has an Amendment, LCO Number 7725. May he call and I be allowed to summarize.

SPEAKER DONOVAN:

Will the Clerk please call LCO Number 7725, which will be designated House "B".

THE CLERK:

LCO Number 7725, House "B", offered by Representative Hamzy.

SPEAKER DONOVAN:

The Representative seeks leave of the Chamber to summarize. Any objection to summarization? Hearing none, Representative Hamzy, you may proceed with summarization.

REP. HAMZY (78th):

Thank you, Mr. Speaker. What This amendment simply does is, it's an add-on amendment. It requires the Comptroller to offer as an option, a health savings account, and I move adoption.

SPEAKER DONOVAN:

The question before the Chamber is adoption of House amendment Schedule "B". Will you remark on the amendment?

REP. HAMZY (78th):

Thank you, Mr. Speaker. Mr. Speaker and Members of the Chamber, health savings accounts have proven to

be the single best option to ensure residents of this state and residents across the country.

When you look at statistics that are provided by the Internal Revenue Service of the number of people who were previously uninsured, and the number of people who purchase HSAs, it's over 70 percent in every study that's been conducted.

If we want to get a handle on the cost of insurance, and involve people in their healthcare, and incent them to live healthier lifestyles, to take preventative measures to improve their health, this, I would submit, is one of the best ways to achieve that goal.

The other thing that it does is, the money that is remaining in the health savings account converts to a retirement account.

So we accomplish two goals with one product, improve people's retirement and also improve their lifestyles and their health.

Again, the only thing that this would require is the Comptroller to offer HSAs as an option.

Thank you, Mr. Speaker, and I would hope that Members of this Chamber would approve This amendment. I ask that when the vote be taken it be taken by Roll.

SPEAKER DONOVAN:

The question before the Chamber is a Roll Call Vote. All those in favor of a Roll Call Vote please signify by saying Aye.

REPRESENTATIVES:

Aye.

SPEAKER DONOVAN:

The requisite 20 percent has been met. When the vote is taken it will be taken by Roll Call.

Representative Fontana.

REP. FONTANA (87th):

Thank you, Mr. Speaker. Mr. Speaker, I rise to oppose This amendment in the strongest possible terms, and it probably won't surprise people that I oppose it.

Without regurgitating the entire history of medical savings accounts and health savings accounts to the Members of this Chamber over the last decade or so, Representative Hamzy and I have discussed this in the past. He's a man of sincerity and intelligence, so I don't doubt that he believes strongly in HSAs.

But truthfully, Mr. Speaker, they are a fraud, pure and simple. Over the last decade we had every year, or every other year, passed some bill into law

that makes it easier for people in this state to buy health savings accounts, even though there's plenty of evidence that they do not help people to afford quality affordable health insurance.

Nevertheless, we have passed law after law, and you know what? We can talk about the Internal Revenue Code all we want. The fact is, people in Connecticut don't like health savings accounts and they don't want them.

I met with a small business owner today who said to me, you know what? I had a policy, a catastrophic policy health savings account. I doubled my deductible to $4,000 and the price still went up and I'm not happy with it and my employer's not happy with it, either.

Mr. Speaker, This amendment first off is to my mind, defective on its fact. In Lines 4, 5, 6 and 7, it talks about employers under this act as amended, who for some reason may or may not have access to health savings accounts.

Well, if you're a municipal employer, a nonprofit, a municipally related employer or a small business, guess what, Mr. Speaker? You already have access to health savings accounts, and if you don't

have them, my guess is because you don't want them because you know they stink. They don't work.

And the fact is, Mr. Speaker, there's nothing in here about SEBAC approving this, which of course would have to be done as well.

Mr. Speaker, they're a fraud, pure and simple. They're a charade.

Imagine if you went to a car dealership and you wanted an affordable car, like a Ford Focus, and they said, well guess what, you can't afford a Ford Focus, but we'll strip out the seats and the brakes and the air bags and the spare tire and we'll sell you that car. How do you like that car? And you'd say, I'd just prefer a car. I've got to have a car. And you know what?

You find out after month or a year or two, you wouldn't be too darned happy with that car. That's what HSAs are, ladies and gentlemen. They're a fraud.

This amendment should be defeated. Thank you very much.

SPEAKER DONOVAN:

Representative Coutu.

REP. COUTU (47th):

Thank you, Mr. Speaker, as for a fraud, I was a federal employee and the federal government actually now has HSAs, and in my family, it actually works quite well.

We paid much lower premiums than the other federal plans, and yes, it is a high deductible plan so you really have to think about it before you get it.

But the reality is, an HSA empowers people like myself by forming a side savings account that lasts with you for the rest of your life. That savings account can be used, in most instances, for things such as prescription, dental care, and any other bill relating to medical services.

So the idea that someone would jump up and down and harp on that it's a fraud is kind of harsh when the federal government actually has implemented HSAs throughout their system to the millions of employees they have.

Additionally, in my situation, an HSA actually empowered me and my family to generate almost $3,000 in a year in a savings account that would strictly be used for medical services.

So in this instance, and for the tens of thousands of federal employees who have accepted HSA plans, I think it's a little harsh to jump up and down and hammer people like me and my wife who are able to utilize that plan in a good way.

So Mr. Speaker, I think This amendment has some justice and the HSAs in general harp on something that many people in America believe in, which is preventive maintenance.

Many of them have up to $1,000 a year that covers just specifically things such as routine inspections of how are you doing.

So I think on the idea that it's preventive, it's maintenance, it's things that are good for people, young people like myself who maybe want to go with a plan like that and have money in a side account.

I think this is a good thing, and in the future I wouldn't be surprised if one day Connecticut follows the lead of the federal government and has an HSA plan.

Thank you, Mr. Speaker.

SPEAKER DONOVAN:

Thank you, Representative. Representative Hamzy.

REP. HAMZY (78th):

Through you, Mr. Speaker, for a second time, Mr. Speaker.

SPEAKER DONOVAN:

Please proceed, sir.

REP. HAMZY (78th):

I think the characterization of HSAs by the Chairman of the Insurance Company was a little over the top, if you will, in calling them a fraud.

As Representative Coutu just explained, they do serve a purpose, and in fact I think they are a better product than traditional health insurance.

Please keep in mind that this does not require any employee to use an HSA. It only requires that a choice be made available to those state employees who may want to avail themselves of this product.

I always thought that providing more choices to people is a goal that we try to strive for, and I can tell you that if it was made available, I would be one of the first to sign up for it, because I think it's a better product. I think it allows someone to create a supplement to their retirement plan that is not now available under traditional health insurance.

Under traditional health insurance, any dollar that you don't use, you don't get the benefit of.

HSAs work differently. I would ask that the Members of this Chamber just allow state employees and other participants in this plan, to be given the choice of whether or not to participate. Thank you, Mr. Speaker.

SPEAKER DONOVAN:

Thank you, Representative. Representative Hetherington.

REP. HETHERINGTON (125th):

Thank you, Mr. Speaker. It seems to me we've got a very fundamental question here, and that is whether you respect people, respect people to make as individuals, choices about their lives.

There are many young people, many young people in good health, who do not need extensive healthcare coverage. They need catastrophic care coverage in the event the worst occurs, and they also could use the opportunity to create savings accounts for greater flexibility in the way they address healthcare.

And that's not a requirement. You don't have to take it. It's not a mandate. What's wrong with freedom? What's wrong with freedom? What's wrong with saying to people, this is the choice that you have, and you make that choice.

We could impose disclosure requirements if someone has trouble understanding what it is, but when it's understood, why can't people make that choice? What's wrong with that? Isn't that fundamental in our society, that you have a right to make these choices and decide what you need, and this is, the whole thing is optional anyway.

If you don't like it, you don't like it, you take the traditional form of healthcare coverage.

So I think this really goes to the heart of one, if you respect people as individuals and two, if you regard them as willing to accept the responsibility that freedom dictates. I don't think that stinks, Mr. Speaker. I'm sorry, and I'm going to support This amendment, and I urge my colleagues to do the same. Thank you.

SPEAKER DONOVAN:

Thank you, Representative. Representative Aman.

REP. AMAN (14th):

Thank you, Mr. Speaker. I wasn't going to speak on the amendment until it was brought out that what I've been doing for almost 30 years was a very irresponsible and didn't work.

I had equivalent to a health savings account long before it was federally government approved or IRS. What I had in my company was a very high deductible policy and a policy of 100 percent reimbursement of medical costs.

It allowed me to have my medical care taken care of if I had serious illness. I also had the option of paying for my own physicals, my only well care for my children and take care of my family at a much, much lower cost than the same type of coverage would have been if it was insurance.

I find it hard to believe that anything that benefited myself and my family for so many years, that worked out so well for us is a fraud on the American people. I find that very irresponsible, that statement, and will be supporting the amendment as presented. Thank you, Mr. Speaker.

SPEAKER DONOVAN:

Thank you, Representative. Will you remark further on the amendment? Will you remark further on Amendment "B"?

If not, staff and guests come to the Well of the House. Members take their seats. The machine will be opened.

THE CLERK:

The House of Representatives is voting by Roll Call. Members to the Chamber.

The House is voting House Amendment Schedule "B" by Roll Call. Members to the Chamber.

SPEAKER DONOVAN:

Have all the Members voted? Have all the Members voted? Please check the Roll Call board to make sure your vote has been properly cast.

If all the Members have voted, the machine will be locked and the Clerk will please take a tally.

Have all the Members voted? Have all the Members voted? Please check the Roll Call board to make sure your vote has been properly cast. Oh, we already did that?

The Clerk will please announce the tally.

THE CLERK:

On House Amendment Schedule "B".

Total Number Voting	145
Necessary for Adoption	73
Those voting Yea	36
Those voting Nay	109
Those absent and not voting	6

SPEAKER DONOVAN:

The amendment fails.

Will you remark further on the Bill as amended? Representative Cafero.

REP CAFERO (142nd):

Thank you, Mr. Speaker, ladies and gentlemen of the Chamber, we are about to conclude a seven-hour debate on the Bill that is before us. We probably at the outset of this debate knew the outcome. No doubt about it.

But certainly those of us on this side of the aisle thought it was imperative and important that the public and each Member of us in this Chamber know the details of this plan.

Let me share with you if I may in conclusion, in my concluding remarks, what I learned about the plan we are about to vote on.

First of all, we learned that this is the Speaker's initiative, and that he for the last two years certainly has been pushing this as something he believes in as what is good for the State of Connecticut, and that I very much appreciate.

We learned, however, that this Bill will not provide healthcare to people who currently don't have it. Really not for them. This isn't the vehicle. If

you don't have it now, you're not going to have it because of this.

We learned that this Bill changes the way we do our health insurance by going to self insurance and as a result shifts the assumption of risk from what was to insurance companies in a fully-insured plan, to now the State of Connecticut in s self-insured plan.

We learned today during debate that we had no actuarial study that showed us the benefits of going from a fully-insured plan to a self-insured plan.

We learned today that our nonpartisan Office of Fiscal Analysis says that this potential, this shift could potentially cost the State of Connecticut in the neighborhood of $70 million per year in additional costs. That news coming in what I already remarked is the worst financial crisis in Connecticut's history.

We learned from the debate that there is no current mechanism for the Comptroller's office to administer this plan. We're going to vote the plan in, but right now we haven't figured out how we're going to run it.

We learned that there is no current mechanism that is in place that allows us, or puts us in a position to negotiate provider networks, or to

negotiate provider fees, which are essential to a healthcare plan that provides healthcare to our citizenry.

We also learned that though we are under the perception that this is one big pool that will include state employees and potentially municipal employees, and potentially small employers and not for profit agencies, there's actually two pools.

The reason being is in the language of the Bill that's before us it allows the Comptroller to charge an additional fee for administrative costs and to establish a reserve fund. That fee could be charged to non-state employees but can't be charged to the state employee plan. Two separate plans, if you will.

We learned at best that by making this shift we are taking a risk, and I think that the vote that's before us asks us, is this the time and is this the place to take that risk, when so much about this plan and our economic condition as a state is uncertain.

Obviously, most of us on this side of the aisle believe this is not the time.

With regard to the debate you witnessed, I think that we need to acknowledge a couple of things. First of all, I personally acknowledge Representative

Fontana, who whether you agree with him or not, stood for seven hours and handled questions regarding this Bill, and I think that deserves some recognition.

(Applause.)

And if you'll indulge me, I want to thank and congratulate my Caucus who number only 37, and I think kept the debate and information flowing in a very reasonable way and in an enlightening way and I thank them for their participation in the process.

(Applause.)

And so it is that we are about to take a vote. I don't think there is any doubt as to the outcome of this vote, but unfortunately, ladies and gentlemen, there might be a doubt, a large doubt, as to the risk involved in this vote.

And for a state, and frankly a country and our residents who are dealing with risks every single day in this economy, risks regarding their homes, their jobs, their savings account, and yes, their health insurance. It is our feeling respectfully, that this is not the time to take that risk.

Thank you, Mr. Speaker.

SPEAKER DONOVAN:

Thank you, Representative. Representative Merrill.

REP. MERRILL (54th):

Thank you very much, Mr. Speaker, and I, too, would like to join the Chamber and everyone else in thanking Representative Fontana and all the people who took part in the debate this evening. It was ably represented by everyone.

And I would argue that this is the time, that Connecticut needs to act on the largest issue that's facing the country. There is national attention being paid to this, but we cannot sit by. We need to make progress on this issue.

And the biggest argument that seemed to be advanced this evening, not the only argument, but the largest one, is that it doesn't go far enough, that it doesn't help individuals as well as small businesses, nonprofits and municipalities in helping to get more access and more affordability for the healthcare they offer to people, and perhaps that's true.

Perhaps we do need to do more. But I would argue that this is a large step toward making progress on trying to get the cost of healthcare under control for the many people that offer healthcare for their many

members, their employees and the people that they work with every day.

Families are crying out for help. Businesses see this as the biggest cost they're facing, and we are doing something very major this evening to try to help those folks out.

I do want to thank the Speaker for his tireless work on this issue. He has been a staunch advocate on this issue for several years now. He's brought all of us along, helping us to understand exactly what we can accomplish with this Bill and I would like to recognize his work right now, this evening.

(Applause.)

So with that, I'm proud of what we're doing here this evening. I hope it passes. I know there are concerns, and we are taking some risks, but we are also making an important advance in helping people to provide healthcare in this state, so I would urge you to vote for this measure. Thank you.

SPEAKER DONOVAN:

Thank you. Will staff and guests please come to the Well of the House. Members take their seats. The machine will be opened.

THE CLERK:

The House of Representatives is voting by Roll Call. Members to the Chamber.

The House is voting by Roll Call. Members to the Chamber, please.

SPEAKER DONOVAN:

Have all the Members voted? Have all the Members voted? Please check the Roll Call board to make sure your votes are properly cast.

Have all the Members voted? Have all the Members voted? Please check the Roll Call board to make sure your vote is properly cost.

If all the Members have voted, the machine will be locked and the Clerk will take a tally.

The Clerk please announce the tally.

THE CLERK:

House Bill Number 6582 as amended by House "A".

Total Number Voting	145
Necessary for Passage	73
Those voting Yea	109
Those voting Nay	36
Those absent and not voting	6

SPEAKER DONOVAN:

The Bill as amended is passed.

Representative Merrill.

REP. MERRILL (54th):

Thank you, Mr. Speaker, I would move for the immediate transmittal of this item to the Senate.

SPEAKER DONOVAN:

The motion is suspension of the rules for the immediate transmittal of the last item to the Senate. Is there any objection? Is there any objection? Hearing none, the Bill is immediately transmitted.

The Chamber will stand at ease.

(Chamber at ease.)

SPEAKER DONOVAN:

The House will come back to order.

Will the Clerk please call Calendar Number 403.

THE CLERK:

On Page 41, Calendar Number 403, Substitute for House Bill Number 6600 AN ACT CONCERNING THE ESTABLISHMENT OF THE SUSTINET PLAN. Favorable Report by the Committee on Insurance.

SPEAKER DONOVAN:

The Chairwoman of the Public Health Committee, Betsy Ritter.

REP. RITTER (38th):

H – 1070

CONNECTICUT
GENERAL ASSEMBLY
HOUSE

PROCEEDINGS
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PART 34
10823 – 10999

SPEAKER DONOVAN:

The bill is repassed.

Will the Clerk please call House Bill 6582.

THE CLERK:

On page 2, Calendar 225, Substitute for House Bill Number 6582, AN ACT ESTABLISHING THE CONNECTICUT HEALTHCARE PARTNERSHIP. It's amended by House Amendment Schedule "A". Favorable report of the Committee on Public Health.

SPEAKER DONOVAN:

Representative Merrill.

REP. MERRILL (54th):

Yes, Mr. Speaker, I would move for reconsideration of this item and I would note for the record that I was on the prevailing side.

SPEAKER DONOVAN:

The question before the Chamber is on reconsideration of House Bill 6582. For the benefit of the Chamber I will note that Representative Merrill was on the prevailing side of this issue when the Chamber passed this measure on May 20, 2009, and is therefore an appropriate member to make a motion for reconsideration.

Is there an objection to motion to reconsider?

Is there objection?

Hearing none, the bill will be reconsidered.

Will you remark further on the bill? Remark further on the bill?

Representative Fontana.

REP. FONTANA (87th):

Thank you, Mr. Speaker. Mr. Speaker, I move for repassage of the bill.

SPEAKER DONOVAN:

The question before the Chamber is on repassage of the bill.

Representative Fontana, you have the floor, sir.

REP. FONTANA (87th):

Thank you, Mr. Speaker. Mr. Speaker, this bill creates a quality affordable public health plan choice. It requires the Comptroller to convert the state employee health insurance plan to a self-insured arrangement for benefit periods effective July 1, 2009 and later.

It also requires the Comptroller to offer coverage under this self-insured state plan to municipalities as of January 1, 2010, to municipally-related and nonprofit employers as of July 1, 2010, -- and to small employers as of January 1,

2011.

Last year, Mr. Speaker, when the Governor vetoed the health care partnership bills, she said that it had real potential to help, at least, some cities, towns, nonprofits and small businesses to reduce their health care costs and she pledged to work with us to revise it and bring it back this year. Although she and her administration weren't able to follow through on this offer, under your leadership, we move forward this year to address her concerns in her veto message and to improve the bill.

Her veto message last year articulated the need for further analysis and to ensure that savings for the intended beneficiaries of such a partnership are substantiated and that any potential costs to the state is both minimized and anticipated in the budget. We focused our work, therefore, on providing answers in both areas. Once we looked at it, we found that, in fact, we could substantiate the savings to towns.

For instance, we've learned that 24 states, including Massachusetts, New York, and New Jersey, opened their state employee plans to municipalities and that 85 percent of our municipalities would save money on health insurance costs for their teachers by

joining our state plan. We also determined that many specific towns from smaller towns like Kent, Sprague and Simsbury, to larger cities like New London, West Hartford and Danbury, could realize savings in the hundreds of thousands or millions of dollars in total health insurance savings.

We also discovered that we could reap one-time and ongoing state budgetary savings by returning to the state self-insurance model that we used to good effect until 1997. Going back to self-insurance would create $70 million in one-time savings for the state and ongoing savings of 20 -- 10 to 20 million dollars per year.

The bill then worked its way to the process culminating in passage by broad majorities of both chambers of the General Assembly.

Unfortunately, despite a tremendous outpouring of support for the bill from CCM and COST, the CEA and AFT, nonprofits, small-business health care advocates, realtors, senior citizens and others, the Governor vetoed the bill. We're here today to fix that.

I'd like to close for the moment, Mr. Speaker, with some comments inspired by remarks that I heard our Congressman Joe Courtney make in Washington last

week. When a new person is sworn in as a member of the General Assembly, he or she receives access to the state employee health plan. It's a public health plan option, financed partially by taxpayers, which gives state employees a choice from several quality, affordable private health insurance plans.

Each of us in this Chamber, in other words, currently is entitled to receive exactly what this bill proposes to offer tens of thousands of Connecticut residents who need it and want it and have asked for it. In this bill, we simply take our state plan back to the self-insured system that worked so well for us prior to 1997, and then give towns, nonprofits and small businesses the benefit of the purchasing power that their own taxes helped to create by allowing them to join that state plan.

Now, I understand why insurance companies and everyone else who profits from the current system wouldn't like this bill. Insurance companies are for-profit enterprises. They are in business to make as much money as possible for their shareholders and goodness knows, they're pretty good at it.

They know how to maximize their profits and how to try to protect themselves from true competition

that could diminish their profits. What I don't understand is why any of us would embrace their arguments for opposing this bill. Insurance companies oppose this bill not because it will fail, but because they fear that it will succeed. They know full well that stands to accomplish each of its objectives include the lowering of health insurance costs for towns, nonprofits and small businesses, thus threatening their bottom line. Why else would they invest so much money and effort in trying to defeat it?

Given the deteriorating state of our health care system, which every month renders hundreds more of our fellow Connecticut citizens uninsured, we simply cannot afford any longer to defend the status quo. Under your leadership, Speaker Donovan, we've demonstrated conclusively that this bill will begin to remedy some of our current systems failures by controlling costs and providing tens, if not hundreds of thousands, of Connecticut residents with access to quality health insurance at a price they can afford.

Ladies and gentlemen, it's time we overcame the objections of the naysayers and rejected the self-serving arguments of our insurance companies and

those who benefit from the current system. Let's give our towns, nonprofits and small businesses access to the same quality affordable health insurance plan that their tax dollars provide each one of us.

Let's vote in favor of this bill and to override the Governor's veto. I urge passage.

SPEAKER DONOVAN:

Thank you, Representative.

Would you care to remark further?

Representative Hamzy.

REP. HAMZY (78th):

Thank you, Mr. Speaker. Mr. Speaker, I just rise to offer a few comments on this bill. With regard to converting our state health insurance from a self -- from a current system that we have now to a self-insured plan, I don't believe anyone in this Chamber has any philosophical arguments with making that switch. If it makes sense to go self-insured, then I'm all for it, and I think that's the proper thing to do.

The thing that troubles me about this -- what this bill accomplishes or doesn't accomplish is the fact that there are representations made that this will now offer insurance to someone who's currently

uninsured. And I don't think that is a fair statement to make.

If you do the analysis and compare what the state plan costs, and let's say it's $17,000. I'm just picking a figure out of the sky. Anyone who has access to insurance now, let's say municipality, who's paying $20,000 for the health insurance plan will choose to switch to the state plan. Now, does anyone think that the cost of the plan is not going to increase because of that? Unquestionably will.

Anyone who doesn't have insurance now, will still not be able to afford a 17 or 18,000-dollar plan. There are a whole host of options out there that cost far less than that.

So do I believe that we need to come up with a more cost -- a less costly system? Absolutely. I don't believe that this bill accomplishes that goal. In fact, I would -- I will bet that not one person who currently doesn't have insurance will avail themselves of this option if and when it becomes law.

Mr. Speaker, and it's for all those reasons that I would urge this Chamber to stay the Governor's veto, especially in light of the fact that we do not have a budget. We have projected deficits that go out into

the future further than this particular biennium.

And while we have not figured out a way to pay for those things that state government currently funds, what makes us think that we're going to be able to afford to pay for this bill, which undoubtedly will increase costs to the State? Thank you, Mr. Speaker.

SPEAKER DONOVAN:

Thank you, Representative.

Representative Cafero.

REP. CAFERO (142nd):

Thank you, Mr. Speaker. Mr. Speaker, in conclusion on the side of the aisle -- ladies and gentlemen, this is the second health care bill we're dealing with today and back to back with the SustiNet plan that we've just passed.

The SustiNet plan that we've just passed cost a billion dollars a year of money we don't have, but at the very least, I will say we're somewhat creative. It did provide health care to those -- or at least hopes to provide health care to those who don't have it. One of the big problems was, it's a large government takeover, and as I said, cost a billion dollars a year.

This particular health care bill, before we start

patting ourselves on our backs with regard to what a great job we did, let's think about what we did -- real tough. We've got the sweetest health care deal in the United States of America, right here in Connecticut, folks. State employees, including state Legislators, got the best policy in the world.

There are members of Congress and employees of the federal government that choose, if their spouse happens to work for the state, to take this plan. Why? It's the best. It's the richest. And what are we saying? We have it. You should have it. That's creative. That took a lot of thought. So what's the result of it all? Well, will anyone who doesn't have health insurance have it now? No. Everyone concedes that. You have to be on another plan in order to be on this plan. You can elect to come to this plan, but if you don't have health insurance, for those people, the 8 percent of Connecticut residents we are so worried about because they don't have health insurance, this plan won't do a thing.

Second of all, we know all too well on July 20, 2009, that we do not have a budget. We do not have a budget. We are scrutinizing every nickel and dime and dollar that comes through in an attempt to reach a

budget agreement, and yet, we are about to vote on a bill or to allow a bill to go through that could potentially -- potentially cost this state millions and millions and millions of dollars. Why? Because we're letting other groups join, and our risk pool will go up. And whether you're self-insured or not, when that happens, it costs more money.

So when we go home, if they -- if we happen to override the Governor's veto on this, don't hurt your arm patting yourself on the back. This isn't that creative. Basically, it's saying -- is, we've got a good deal. We'll offer it to you. I'm not so sure that's the way to go here. I think what we need is comprehensive health care, though.

I think maybe, if we in Connecticut had a Cadillac of health insurance plans, it's about time we go down to a Chevy or at least a Buick. Thank you, Mr. Speaker.

SPEAKER DONOVAN:

Thank you, Representative.

Care to remark further? If not, staff and guests, please come to the well of the House. Members take their seats. The machine will be open.

THE CLERK:

The House of Representatives is voting by roll call. Members to the Chamber. The House is voting by roll call. Members to the Chamber, please.

SPEAKER DONOVAN:

Have all the members voted? Have all the members voted? Please check the roll call board and make sure your vote has been properly cast. If all the members have voted, the machine will be locked and the Clerk will please take a tally. Will the Clerk please announce the tally.

THE CLERK:

House Bill 6582.

Total Number Voting	142
Necessary for Passage	101
Those voting Yea	105
Those voting Nay	37
Those absent and not voting	9

SPEAKER DONOVAN:

The bill is repassed.

Members of the gallery, please, come to order. Thank you. Will the Clerk please call House Bill 6684.

THE CLERK:

House Bill Number 6684, AN ACT ESTABLISHING A

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HUMAN
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PART 4
1009 - 1353

2009

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Testimony of
Teresa C. Younger
Executive Director
The Permanent Commission on the Status of Women
Before the
Human Services, Insurance and Real Estate, Public Health Committees
Monday, March 2, 2009

Re:
H.B. 6582, AA Establishing the Connecticut Healthcare Partnership
H.B. 5172, AA Establishing the Connecticut Healthy Steps Program
S.B. 988, AAC Medicaid Funding for SAGA and Charter Oak
H.B. 6600, AAC the Establishment of the Susinet Plan

Senators Doyle, Crisco and Harris and Representatives Walker, Fontana and Ritter and members of the committee, thank you for this opportunity to provide testimony in support of on several healthcare reform bills before you today. I am also testifying on behalf of the Connecticut Women's Health Campaign (CWHC), a broad coalition of organizations committed to and working for the health and well-being of Connecticut women over their lifespan; and the Young Women's Leadership Program (YWLP), which highlights the concerns of women ages 18 to 35.

While the specifics of each bill – House bills 5172, 6582 and 6600, and Senate bill 988 – are all different, they all attempt to expand availability and affordability of health insurance benefits to all Connecticut residents. We support this intent because the increasing numbers of uninsured persons affect all genders, races, and ages.

In 2006, 11% of Connecticut's population aged 25 to 64,[1] and one-third of young adults, ages 19 to 29 were uninsured.[2] As of December 2007, the Kaiser Family Foundation estimated that there

[1] Families USA *Dying for Coverage*, April 2008
[2] <http://www ct.gov/ohca/lib/ohca/common_elements/household06_summary_single_pages_for_pdf pdf>

were over 130,000 uninsured women ages 18-64 in Connecticut.[3]

Lack of health insurance increase the risk of undiagnosed conditions resulting in health disparities and deaths. Uninsured adults are more likely to be diagnosed with a disease in an advanced stage. For example, uninsured women are substantially more likely to be diagnosed with advanced stage breast cancer than women with private insurance.[4]

Lack of health insurance also leads to financial ruin for many families. Almost 8% of working adults in Connecticut spend 20% or more of their income on out-of-pocket medical expenses.[5] Connecticut women have higher out-of-pocket medical expenses than men, and are more vulnerable to medical debt. Fifty-six percent (56%) of medical bankruptcy filers are women.[6]

We request that any plan that is developed address women's special needs and concerns to ensure that we have equal access to health care, which means ensuring that it is:

- Gender appropriate
- Culturally competent
- Comprehensive and preventive; and
- Confidential.

This means that coverage must be both **comprehensive and preventative.** Coverage must include specialty care, mental health and substance abuse treatment, access to prescription medication, vision and oral health care, preventive care, acute and long-term care, rehabilitative care, and reproductive health services, including coverage of family planning, contraceptives, abortion, cancer detection and treatment, prenatal care, and inpatient overnight stays for child-birth and mastectomy when needed.

Consumers must be able to access an array of practitioners, including midwives and nurse-practitioners. Settings should include community and school-based health centers, family planning clinics, and others that provide a safety net to underserved populations, including women and girls. Women must be able to identify a gynecologist or other specialist as their primary care provider if reform builds on a managed care system.

Health care should be responsive to and inclusive of diverse populations and differences among clients. Proposals should strive to eliminate racial and ethnic disparities by design. This would include proactive recruitment of bilingual and multicultural health professionals and improved health data by collecting information gender, race and ethnicity. In particular, this

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[3] <http://www kff.org/womenshealth/upload/1613_07 pdf>

[4] Families USA, *Dying for Coverage*, April 2008

[5] State Health Access Data Assistance Center, December 2007

[6] D U. Himmelstein et al., "Illness and Injury as Contributors to Bankruptcy," *Health Affairs* February 2005.

means that medical interpreters must be provided and paid for as a covered service in order to ensure that those with limited English proficiency are able to communicate effectively with their providers.

Protect the confidentiality of women and girls. Current state statutes protecting the confidentiality of services for all minors, including reproductive and behavioral health care, must be integral to any universal plan. For example, patients with HIV infection, survivors of sexual violence and domestic abuse, and those who seek behavioral health care must be confident that seeking care will not result in disclosure of their health condition.

Health care and insurance must be affordable so that true universality is accomplished. This means that low-income households should be exempt from cost-sharing while higher income households should pay no more than 5% of family income on total health care costs.

We urge you to include these elements in any plan for health care reform. Thank you for your consideration.

CONNECTICUT WOMEN'S HEALTH CAMPAIGN E-News
January 2009

PCSW
Permanent Commission on the Status of Women

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INSURANCE AND
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PART 7
1938 - 2261

2009

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Schofield

SENATOR CRISCO: And we will get through this quickly. The first to testify is Speaker Donovan.

REP. DONOVAN: Good morning, Mr. Chairman. Nice to see you all here.

SENATOR CRISCO: A pleasure, Mr. Speaker.

REP. DONOVAN: Quite a crowd you have up there.

SENATOR CRISCO: Quality, not quantity.

REP. DONOVAN: That's true. It's great. Well, good to see you. And just shows the weather can't keep us from making good laws, so it's nice to see you here this morning. Thank you for holding this hearing here today, and I am here to speak on the House Bill 6582, An Act Establishing Connecticut Healthcare Partnership. There is written testimony that you have. I just generally talk about the issue. It's an issue we have gone over before, actually. If you recall, it passed last year, a similar bill, only to be vetoed by the Governor. However, in her veto message, she stated she thought it was something we could work on together and see what we can work out this year. And, in fact,

I contacted the governor to ask her to get involved, and she actually assigned Lieutenant Governor Mike Fedele as her representative to go over this bill and talk about the savings. So I have actually initiated discussions with the lieutenant governor. My staff is consulting with OPM and we are looking at ways that -- generally, the general concept is to provide good healthcare and save money, both on the state side and actually on the municipal side.

I think that the key difference this year is that we are looking at the state employee pool to become self-insured. As you know, the state pool right now is a fully insured product and so we were looking at the idea of self-insuring, which would give us a little more leeway in terms of expanding the group and allowing municipalities, as well as nonprofits or small businesses to come into play. That would give us that flexibility. And, actually, for a healthcare pool that is our size, it makes a lot of sense to self-insure. There are many companies, large companies that are much smaller than the State of Connecticut that have found efficiencies through self-insurance. So, that's one thing we are looking at, and we actually believe by just moving to self-insure that the state will see at least a one-year savings of anywhere from 60 to 145 million depending on claims coming in.

As you know, last year the state self-insured its Pharmacy Plan, and the governor has been talking about receiving those funds in the last couple mitigation plans. She has put in a figure of $14 million. I believe, actually, it saved about $17 million, just by self-insuring the Pharmacy Plan. So we

believe by self-insuring the total healthcare plan, which encompasses 200,000 lives in the State of Connecticut, we could have considerable savings.

So, again, the idea, as we talked last year, was to enable cities and towns to join in, and small businesses, and, certainly, during these tough economic times when the state is looking at funds available to cities and towns, it makes a lot of sense to say to cities and towns: Here is a way for you to save dollars. As I went around last year, I went to over twenty different cities and towns, and in every town, comparing what the state offered for health insurance and what the cities and towns offered, there was considerable savings. Just think about how a municipality operates right now in having healthcare for its employees. Let's say they say, let's negotiate healthcare with the police department. They sit down with the police department, say this is a healthcare plan that we propose; the police says, this is the healthcare plan we propose. They sit down; they begin negotiations. They may go to arbitration. Both sides may hire a lawyer, the arbitration costs itself and they take weeks and weeks and weeks. Finally, there is a solution. There is a new healthcare plan reached between the city and the police department.

Next comes the fire department. The fire department says, here is our plan. The city says, here is their plan. They go through weeks and weeks of negotiations and then come up to an agreement. How about the teachers? How about the janitors? How about Department of Public Works? How about the secretaries? On and on it goes, spending lots of dollars to

determine a healthcare plan. Wouldn't it be much more simple if the state offered a healthcare plan that's comparable to what the city and town offer and everyone joins the plan and saves lots and lots of money? In my town, it's projected my town would save about $2 million. Generally, it came out to be about $1,000 per employee. So figure out how many employees you have in your town, multiply it by a thousand. In some cases, it saves close to $2,000.

So we've worked out some language in this legislation. We've talked to the comptroller's office, and we've tried to work out an arrangement so she could understand -- I mean, so she could plan it and make it work. That's the whole idea. Here is an option available to cities and towns. I know on the national level, President Obama and the people he has working on healthcare talked about it, first of all, during the campaign: Maybe we should offer a federal pool as an alternative out there to people. Not only that, but also some of these people in the last few months have talked about the idea of states working out and having a pool using the states' buying power to facilitate healthcare. And just last week the president of the Senate invited David Osborne, a renowned leader on Results Based Cut Government, and his proposal to help government was a quote from his document: Governments are such large players in the healthcare marketplace that what they do or don't do will drive the entire market. We can get better care at better price if we create a large statewide purchasing pool including public and private employers and accomplishing at least 30 percent of the market.

So even a long-term planner is saying this is

the way to go, and several proposals that are on your document for today that talk about healthcare, the SustiNet Program, for instance, which I support as a great program in terms of healthcare needs have the basis of a self-insured pool out there. And there are other plans as well that could use that. We are such a purchaser in terms of healthcare, it makes all the sense in the world. So I want to thank you for inviting me here today. Businesses are looking for help. Cities and towns are looking for help. And, of course, the State of Connecticut, in terms of this budget crisis, is looking for help and this could go a ways to helping us through our problems and provide healthcare at the same time. Thank you very much.

SENATOR CRISCO: Thank you, Mr. Speaker. Are there any questions? Yes, Mr. Chairman.

REP. FONTANA: Thank you, Mr. Chairman. And, first, let me just say for those who are watching on CTN, welcome. We hope you are home safe and warm, and trust us, we wish we could be joining you right now, but we will do our best today and we appreciate your watching us. Mr. Speaker, thank you very much.

REP. DONOVAN: Thanks, Chairman.

REP. FONTANA: In some ways, this is a dream come true for me because you and I began working on healthcare together when I came to the General Assembly twelve years ago, and I don't know, at that time, if I could have predicted we would be sitting here in this fashion talking about this proposal, but it's certainly a welcome event, in my belief. Just a quick question: The bill last year ran into some difficulty because there was this complaint

that we couldn't do certain things with our state pool without going against certain contracts with insurance companies, and I take from your testimony that what's neat about this proposal this year is it's sort of a one-two punch because the self-insurance proposal not only saves us money, but gets us greater flexibility when it comes to incorporating other groups into the state pool, providing benefits, reducing administrative costs, as well as helping to build that bridge to the other groups out there in the state, whether it's municipalities or nonprofits or small businesses, so it sounds to me like it's really a marriage of the chocolate and the peanut butter, you know. You've really gotten them together here and it's now quite a sweet mixture.

REP. DONOVAN: Maybe we should call this the Reeses bill. I don't know. But, no, you're absolutely right, Mr. Chairman. I want to thank you again for your working together on similar proposals over the years. And, you know, we've learned over the years how to make things work and what things don't work. And we've constantly strove to expand healthcare and also look at ways in doing this. I want to thank you for your work on that. And that's what this is, the difference from last year. Last year's proposal, I think, was a sound one; however, there was the complication of negotiating with insurance companies and enticing them to open up their pools. Some insurance companies were willing to do that; others were not. This puts it into our hands. We can self-insure. We just give a notice to our current insurers that we are moving to self-insure. I believe there is a 60-day notice period, which we can do, and then we

can then move into self-insure.

Now, there is also, as we're talking, this also involves the agreement of state employees, because they're the ones who have the contract, and they've indicated they're willing to do the self-insuring, and I believe, again, that would save our state, as we are looking for savings from state employees, they're looking to save us through this -- just moving to self-insure would save us anywhere from on the low end to 145 or so, if everything goes a certain way. But I would certainly count on at least $60 million in savings, just by moving to self-insure, and I believe there's savings along the way as well.

REP. FONTANA: Well, again, thank you for your leadership. I look forward to working with you. Thank you.

REP. DONOVAN: Look forward to working with you as well.

SENATOR CRISCO: Thank you, Chairman. Are there any questions? Yes, Representative Gentile.

REP. GENTILE: Thank you, Mr. Chair. Good morning, Mr. Speaker.

REP. DONOVAN: Good morning, Representative.

REP. GENTILE: Thank you for coming here today.

REP. DONOVAN: Thank you.

REP. GENTILE: I just want to say that I appreciate your leadership capacity in this effort. Last year, you were kind enough to come to one of my towns, and we spent some time there, and the savings was significant. And that was

after we did it relatively quickly. We've been working on this for quite a while now. We have several committees that are really actively involved in this. We are looking at all aspects of it under your leadership, and I think we are going to do it. And I would encourage you to continue your leadership and also the committee to consider it because any relief that we can give our cities and towns and some of our smaller businesses and nonprofits will be greatly appreciated, particularly in this economic climate. So, thank you.

REP. DONOVAN: Thank you, Representative. I think the key, as you said, was working together, and that's what we are looking for. We are looking for -- it's great that all three committees are working on this, as well as the lieutenant governor, and I look forward also to the assistance of OPM as we go through and get the figures to help our state and the cities and towns.

SENATOR CRISCO: Thank you, Representative Gentile. Chairman Ritter.

REP. RITTER: Thank you very much. Good morning.

REP. DONOVAN: Morning, Madam Chairman.

REP. RITTER: It was a pleasure to come into the parking lot this morning and see that your car had clearly been there for awhile before mine.

REP. DONOVAN: When I pulled in, I think I was the only one.

REP. RITTER: You must have been. There weren't a whole lot, but I was very impressed, and I want to thank you also for making the effort,

not only to come to this, but for all the work that we have been doing on this issue. Obviously, with this effort, it's our hope that we are able to continue to move forward. I would ask perhaps that, not only from you, your staff, but any suggestions from folks that need or want to talk about these initiatives, make sure that they get past on to us because we will be happy to hear from them, and I am hoping that lots of people around the state will be hearing from us in these next couple of weeks.

REP. DONOVAN: Thank you. I am actually counting on all these committees to work together and give us a good healthcare product. Thank you very much.

SENATOR CRISCO: Thank you. Any other questions? Yes, Representative.

REP. ESTY: Thank you, Mr. Chairman. Good morning, Mr. Speaker.

REP. DONOVAN: Good morning, Representative.

REP. ESTY: Very excited to see this bill. In part, I can say from our experience in Cheshire, where we are self-insured, it has really helped to control our costs to do that, and I'm excited about the prospect of moving the state in this direction, which will allow us to think more creatively about cost avoidance by promoting health and paying for health prevention of problem and other, you know, important things for the health and welfare, as well as the financial welfare of the state.

REP. DONOVAN: That's right.

REP. ESTY: So I applaud your strong efforts to be working across, bringing all the stakeholders to the table and saying we cannot, as a society, afford to spend the amount of money we are spending on healthcare with decreasing results. So I'm excited about this prospect to save money and improve the health of the citizens of the state.

REP. DONOVAN: Representative, I think that's a good point, and, actually, it makes me think of a personal experience. Because we are in the state insurance pool, there are things that we provide to state employees and ourselves in order to promote good health. I was just thinking about this fall, listening to the radio and they kept saying: Get your flu shots, get your flu shots. Certainly, we all live busy lives, and I'm just trying to figure out as I'm driving, how am I going to get a flu shot? Call my doctor? Do I set up an appointment? Do I go to the Public Health Department in the city, et cetera, trying to figure out how am I going to schedule that, and I know it's the right thing to do. I come into the Capitol, because we are in the state healthcare pool, they were giving out -- they were giving flu shots, I believe in Room 1-D. I walked right in and I got my flu shots. So there are things we can do in order to promote health and bring down the cost. It makes a lot of sense when we are part of a bigger organization. Good point.

SENATOR CRISCO: Thank you, Representative. And to be redundant to all other speakers, it's about time the number one insurance state in the country should have the number one healthcare plan.

REP. DONOVAN: Very good. Very good, Senator.

Thank you, Mr. Chairman.

SENATOR CRISCO: Any other questions? Thank you so much. Now, because of the unusual day in more ways than one, we will deviate from our standard procedure and alternate between lists. And so we will proceed to the public list with Sal Luciano. Is Sal Luciano here? And then go to Comptroller Wyman.

SAL LUCIANO: Good morning. My name is Sal Luciano. I'm the executive director of Council 4 AFSCME. I'm also a member of the Healthcare Cost Containment Committee for the state. I am here in support of Bill 6582. Opening up the state healthcare pool is not a new concept at all. Half of the other states in this country already do it. In Connecticut, small businesses support it. The Conservative Heritage Foundation heralds it. Labor leaders push for it. Consumer advocates recommend it, and so does David Osborne, the consultant Governor Rell invited to speak to Legislators last month. Mr. Osborne is also the author of "The Price of Government".

Government controlled spending on healthcare for state employees, municipal employees, Medicaid and Medicare is over 25 percent of all healthcare spending. Opening the pool would significantly help to control the significant municipal cost component. State employees are not young. They average close to fifty years of age. State employees are not healthy. Twenty percent work as correction officers in the prisons and jails in one of the lowest mortality jobs in this country. Actuaries put their mortality rate at 58 years. But despite the fact that state employees are neither young nor healthy, we have been able to get lower costs for health

insurance and more importantly keep them lower.

The overarching reason for our success is size. The benefits of a large pool is not academic musing. It's not theoretical. The actual rates for an individual for the point of entry and point of service plans were 4600 and 5800 dollars respectively. For family coverage, point of entry and point of service plans were 15,000 and 15,800 respectively. These rates were the same in 2007 and 2008, because the premium cost for state employees went up zero percent last year. Compare that to municipalities that pay more than $8,000 for individual coverage and more than $20,000, and frequently much more than $20,000 for family coverage. The rates I gave for the state include the pharmacy benefit. It's no coincidence opening the state plan as the main building block and the recommendation of Health First Authority and the SustiNet Plan, which AFSCME supports and I support. Healthcare for all is more important now than it has ever been. While employer-sponsored healthcare was and remains the cornerstone for providing health insurance, the present crisis in unemployment shows how tenuous that coverage is.

SENATOR CRISCO: Thank you so much, Sal. Any questions? Any questions? Thank you for your help. Appreciated. Comptroller Wyman.

NANCY WYMAN: Good morning. For the record, I am State Comptroller Nancy Wyman, and I'm here to testify on this bill, House Bill 6582, An Act Concerning the Connecticut Health Partnership. As many of you know, I have been a supporter and I'm a supporter of pooling the small employers to achieve a true advantage for --

as we as large employers have done over the years. I'm in agreement with the concept of Healthcare Partnership, but I have a number of concerns as it is written.

However, I have been working with the Speaker of the House to craft substitute language that could make this a viable and workable program for the state and for all the cities and towns. I am in favor of self-funded pools that bring together the state employee plan and municipal employees. I will note that the state employees plan is a fully insured plan as a result of collective bargaining, the agreement with SEBAC and the administration. That aspect needs to be addressed in order for this program to move forward. Plus, I will have to renegotiate with our carriers to determine what the administrative costs would be.

In discussions with the Speaker, the substitute language will no longer include small businesses and not-for-profit organizations, but pools together employers/employees with the similar risk profiles in terms of employee population and work environment. It makes the participation a permissive subject of bargaining for the municipalities. It also provides a mechanism through an actuarial review to assess the risk of accepting a portion of the town's employees as bargaining units merge into the plan and permits myself to deny participation if such a group results in a shift of disproportionate risks to the plan. Lastly, the language would permit us to adequately provide for a reserve fund that will protect cities and towns from claims fluctuations that would result in midyear assessment of the -- of additional premium. I look forward to working with all

of you and the Speaker on clarifying any language in the bill right now, and I will be glad to answer any questions.

SENATOR CRISCO: Thank you, Madam Comptroller. Any questions? Chairman, Fontana.

REP. FONTANA: Thank you, Mr. Chairman. Good morning, Madam Comptroller. Good to see you.

NANCY WYMAN: Same here.

REP. FONTANA: And as I said to the speaker, it's a pleasure to be here in this venue with you.

CONTROLLER WYMAN: Same here.

REP. FONTANA: It's a dream come true in a way for me. But, certainly, we want to commend you for all the work you have been doing over the last decade on MEHIP in particular, and the things you have done on behalf of all of us as a coordinator of the state healthcare purchasing, and certainly we want to work with you on that ultimate language. We are cognizant of the discussions that you have been having with the speaker, and we want to make sure that what we do fits together seamlessly. It's more a matter of trying to figure out what's going to happen when and by whom and trying to pick a language that does as much as we can; but we certainly want to work with you because we really respect the work you've done and acknowledge your ability and the ability of your office to take care of this very important topic efficiently and responsibly. So we look forward to working with you to refine the details between now and (inaudible) deadline in a week or so. So, thank you very much.

NANCY WYMAN: Thank you.

REP. FONTANA: Thank you, Chairman.

SENATOR CRISCO: Any other questions? Yes, Chairman Ritter.

REP. RITTER: Thank you very much. Good morning.

NANCY WYMAN: Good morning.

REP. RITTER: I hope you had a --

NANCY WYMAN: How was your trip in?

REP. RITTER: My trip in was lovely. I'm sure yours was as well.

NANCY WYMAN: Yes, it was. Eastern Connecticut is wonderful. Beautifully white.

REP. RITTER: We might hold the record for accumulation. I'm not sure yet. The numbers aren't all in. But anyway good morning. And thank you very much for making this big effort to come in and so wonderfully support these initiatives because it has been a pleasure working together to move them forward, and I'm looking forward to finalizing our work. But I did have one question, and I -- we talked -- we heard a little bit, of course, from the Speaker about last year's bill and some of the changes in this years bill, and in your testimony you note that the bill, the substitute language will no longer include small businesses and not-for-profit organizations. And you may also have heard or know that, to me, is an indication that we are by no means finished; that this, to my mind, is the beginning step, but it does not represent where we need to be going. And I

didn't know if you had any other thoughts as to those two groups that you might want to leave us with before we continued our discussions today.

NANCY WYMAN: I agree with you totally that we have a lot more to do. I must admit, though, I'm so pleased this year because everywhere you look, and we'll all be testifying on some other bills later, you as elected officials have really come to the table and really have the interest of doing something in healthcare, which is really one of the biggest problems that we have in this country right now.

As far as the small businesses that we should be dealing with, we do -- I do believe that we should be sitting down and working together on how we can really get them in to being able to purchase and to using the plan. We will be going forward. We have been going forward on the not-for-profit anyway with MEHIP, but I think there is still much work that has to be done. And I'm hoping that, you know, when we have the time to do it we really can, and, hopefully, it will be this session. But I would love to work with all of you on changing this plan -- I mean, changing what we can do to make sure that we can offer to those not-for-profits and small businesses.

REP. RITTER: Thank you. I'm really pleased to hear that because you know you have been around here way longer than I have, and once we really get into the urgencies of our budget discussions. There's a lot of concerns, of course, that details and extra work on many of our proposals that are as important, or very important to us, can often get lost in those discussions, and I'm really happy to hear your support for that. Of course we --

NANCY WYMAN: Just let me know when and we will be -- you know, my office will be here. Whatever we can do to help out.

REP. RITTER: Thank you very much.

SENATOR CRISCO: Thank you, Madam Chairman. Any other questions? Thank you so much, Madam Comptroller.

NANCY WYMAN: Thank you.

SENATOR CRISCO: Proceeding on the list: Gian Carl.

GIAN-CARL CASA: Thank you, Mr. Chairman, all the Chairmen, Chairladies, members of the committees. My name is Gian-Carl Casa. I'm director of Public Policy and Advocacy for the Connecticut Conference of Municipalities. We are here to urge you to favorably report HB 6582, the Healthcare Partnership Bill. CCM has, for several years, been looking into the issue of municipal healthcare costs and how to control those, and one important aspect of the recommendations that our membership has put forth is to provide local governments with options from which they can choose, options that they can voluntarily avail themselves, including state programs, and this bill provides that kind of option.

Last session there was much discussion and concern about whether the legislation would be mandatory on the part of municipalities. We worked with Speaker Donovan and other proponents, and we agreed on a compromise that's found in Section 4 of the bill, the provision that says that clearly that initial participation shall be permissive subject of

collective bargaining. It's only subject to binding arbitration if the bargaining agent and the municipality agree to do so in writing. That provision allows municipalities to decide for themselves whether they want to bargain over participation in the pool. This is a voluntary plan; it's an option. Municipalities, we believe, in general will best be able to control rising health costs if they had before them a menu so that they can choose what works for their specific situation, whether it's intermunicipal pooling, regional pooling, the comptroller's plan for enhanced MEHIP, or the option of joining the state employees' pool. We believe in options for municipalities, and we urge you to favorably report the bill.

SENATOR CRISCO: Thank you, Gian-Carl. Questions? Yes, Chairman Fontana.

REP. FONTANA: Thank you, Chairman. Good morning, Gian-Carl. Thank you for testifying. A quick question, point of information: Does state statute currently allow intermunicipal pooling?

GIAN-CARL CASA: It's open to argument as to whether or not it does. There is a statute generally that says municipalities to do anything together that they can do separately, but we've also heard concerns from some folks about municipalities establishing what would essentially be a MEWA type of situation. So we think clarity would be helpful in the statutes. There is another bill, I believe it's in PND that would specifically allow regions to do healthcare pooling.

REP. FONTANA: So, is it CCM's position that a statute would be advisable at this point to

clarify that?

GIAN-CARL CASA: Yeah. It's not -- I don't think we think it's necessary, but there is some murkiness, so it would certainly help clear things up.

REP. FONTANA: Very good. Thank you. Thank you, Chairman.

SENATOR CRISCO: Thank you, Chairman. Any other questions? Thank you, Gian-Carl.

GIAN-CARL CASA: Thank you.

SENATOR CRISCO: Mary Glassman. Is Mary Glassman here, Simsbury? Suzanne Havilland? Suzanne Havilland here? Okay. Thank you. And how about the tag team of Julie Rose and Gabriela, small business owners, are they here? Okay. Ron Cretaro?

HB 6582
HB 6600

RON CRETARO: Double Chairs and Members of the Committees, I'm Ron Cretaro, the executive director of the Connecticut Association of Nonprofits. We represent 530 nonprofit organizations, 300 of which are state-funded Health and Human Service organizations. Connecticut nonprofits applaud Speaker Donovan and others for once again taking the steps to ensure that there is more comprehensive healthcare coverage in Connecticut. We support the Connecticut Healthcare Partnership which will open the state employee health insurance pool to nonprofits, municipalities and small businesses, and we thank you for your support of small businesses and nonprofits.

Nonprofit employers, like many others, have been facing years of skyrocketing healthcare

prices, annual percentage rate increases in the double digits, leave nonprofit directors struggling to keep costs down for their employees. But when healthcare costs rise, they're forced to pass these increases onto employees in the forms of higher cost-sharing and co-pays. Nonprofit employees who make significantly less than their public sector counterparts simply cannot afford these constant increases. It's a matter of sustainability for nonprofits, as well as our ability to stay competitive as operating costs increase and income revenues become more difficult to attain. Opening the state employee health insurance plan will allow small and nonprofits to take advantage of a much larger pool with significantly increased purchasing power. The lower premiums and co-pays associated with the healthcare plan are welcome option for the state's nonprofit providers. As we indicated last year, the cost of joining the state employee health insurance plan will not be affordable for all nonprofits, but it will certainly be a viable option for some.

Connecticut nonprofits also support House Bill 6600, the Universal Healthcare's Foundation the SustiNet proposal. The foundation has been a leading force in advocating for quality affordable healthcare coverage for all Connecticut residents, and we commend them for their efforts. The high cost of healthcare puts all businesses, including nonprofits, at a severe disadvantage. Worse off yet are the thousands of individuals without access to employer- sponsored insurance. These -- both programs are comprehensive approach to healthcare coverage. It is critical that we take these steps now, and we believe that quality adequate healthcare coverage is a

right for all citizens and we urge the legislature to make these proposals a reality and ensure that Connecticut residents no longer go without healthcare coverage.

SENATOR CRISCO: Thank you, Ron. Any questions? Yes, Chairman Fontana.

REP. FONTANA: Thank you, Chairman. Good morning, Ron. Thank you for testifying. Just a quick question: What do nonprofits do now for healthcare for their employees?

RON CRETARO: They do many things. Some of them partially self-fund, but they usually -- they belong to the CBIA program. If they are under fifty employees, they're able to go into the market. If they exceed fifty employees, they belong to the MEHIP program in some cases; a few nonprofits are able to do that. So having more options right now is, I think, nonprofits feel is their best advantage in the marketplace until we do have a larger pool that we can belong to.

REP. FONTANA: So these nonprofit entities employ hundreds, if not thousands, or tens of thousands of people in the state doing work paid for in part, or in whole, by state government or local governments and yet they cannot provide guaranteed health insurance to their employees.

RON CRETARO: That's right. They face the vagaries of the marketplace, just like small businesses and everyone else.

REP. FONTANA: Great. Thank you for clearing that up for me. Thank you. Thank you, Chairman.

SENATOR CRISCO: Any other questions? Thank you

very much. Proceeding with, is it Tony Whelan and Mark Nati? Are they together?

TONY WHELAN: Good morning, Senator Harris, Representative Ritter, Senator Crisco, Representative Fontana, Members of both Committees. My name is Tony Whelan. I work for Pratt and Whitney Overhaul and Repair Center in Cheshire, Connecticut. I am a member of IAM, International Association of Machinists, Local 1746-A. I speak today on behalf of the machinist union. I'm here to voice our support for House Bill 6582, An Act Establishing the Connecticut Healthcare Partnership, otherwise known as The Pooling Bill. I am not originally from around here. I am proud to be living and working in the United States. I was born in Ireland. Ireland has its share of troubles, but one thing people there don't have to worry about is their healthcare. We all know, all of us in this room and across the country, that our healthcare system here is broken and needs a drastic overhaul of its own working, overhaul of its own to work properly to cover everyone and get healthcare costs under control. That's a big job, and there are plenty of opinions around as to how to get it done.

While we are working on figuring this out so we can catch up with Ireland and the rest of the world, you can take a major step forward with little or no cost to taxpayers; you can pass this bill and open up the state employees insurance plan to cities and towns, nonprofit organizations and small employers. We believe cities and towns can get better coverage at less cost, a huge help to them at this time when every municipality in the state is facing budget crisis. I live in the town of Naugatuck. We have a huge crisis there. We

might have to raise taxes. People can't afford to raise the taxes. We have to lay off school teachers and take money from other areas where at this time it's not really a good time to cut. We also believe that the state employees pool will be a better deal for some employers, especially since annual insurance costs are much less, allowing companies to budget better. Best of all, if people look at the plan and the cost and decide it's not for them, they do not have to use it.

SENATOR CRISCO: Thank you, Tony. Mark Nati.

MARK NATI: Yes. My name is Mark Nati. And I'm also with Pratt and Whitney and Local 1746. Basically, I'm here to say that, on behalf of our union, we believe that the goal should be that everybody gets covered. And our problem is, we nearly go on strike every three years over healthcare, and that has got to stop. (HB 6582) (HB 6600)

The SustiNet plan, which has been proposed, seems to be a very good plan. I was reading about it on the Tim Foley article, and the big thing for that plan seems to be marketing it to the small businesses. It's a huge step that has never been proposed before on any public/private insurance plan to keep -- to compete with the private plans. The pay-for-play part of it would -- seems to be a good incentive for businesses to try to provide health insurance through this plan. Also, we need to get the greed out of the private insurance. The William McGuires of the world that get $1.78 billion in stock options and now receive over 5 million a year in pension need to stop in this country. We need a good health plan that does not discriminate against previous conditions, that

everybody can be insured so that we can have good health at a good affordable cost, and that the doctors get paid correctly for their services, unlike what's happening today with some of the HUSKY plans. Thank you very much.

SENATOR CRISCO: Thank you very much, Mark. We appreciate that. Any questions for Mark? Thank you very much. Fred Manfredonia. Fred Manfredonia here? Fred Manfredonia? If not, Secretary of State Bysiewicz.

SUSAN BYSIEWICZ: Good morning, ladies and gentlemen of the committee. I am delighted to be here to offer testimony in support of House Bill 6582, and also House Bill 6600. As you might know, last year, our office joined with Speaker Donovan to travel around the state to speak to small business owners about the possibility of small businesses joining in the state health insurance pool. I will tell you that there was overwhelming and enthusiastic support for that idea. Once people learned about the bill, they wanted to sign up for that insurance yesterday. So I am here on behalf of business owners all over the State of Connecticut who very much appreciate the work that you are doing on this important bill.

As Secretary of the State of Connecticut, I'm the chief business registrar for the state, and when I speak to small businesses about what challenges they face to grow their business, affording health insurance is one of the first things that they will cite. So your work on this issue is very much appreciated. I will tell you, as you probably know from your own constituents, that small businesses are stressed right now in this difficult economy and this is one very smart and simple

thing that you can do to help the small business community in Connecticut. We just had, in 2008, more than 13,500 businesses close their doors, which is a record number of business failures. And I do think that the high cost of health insurance was one of the things that drove many of these businesses to close their doors, and I can't stress enough how important this bill is to our business community and Connecticut.

I also want to strongly support the SustiNet healthcare plan. I think that this is a more long range plan because it involves a much bigger investment of state resources. I think the pooling bill is something that we can accomplish much sooner, and I hope that that happens. I do support the concepts that are embodied in House Bill 6600, and I know some of those concepts have also been raised by President Obama, and they may be things that are covered in the federal government proposals that go forward. So with that, I want to thank the committee for the very good work that you are doing and offer my assistance and let you know that I will be again traveling around the state, encouraging small businesses to support these important proposals.

SENATOR CRISCO: Thank you, Madam Secretary. Questions? Chairman Fontana.

REP. FONTANA: Thank you, Chairman. Good morning, Madam Secretary.

SUSAN BYSIEWICZ: Good morning.

REP. FONTANA: Thank you for your work on behalf of small businesses. And let me just ask you, when you go around the state and you hear from

small businesses, do they tell you that they have no insurance or that they have very expensive insurance, or what do they tell you about what kinds of insurance they have or don't have?

SUSAN BYSIEWICZ: I have heard the gamut from small business owners who have gone for more than eighteen months or several years without any health insurance at all, and they have shared their fear that, you know, that they could become ill and soon be bankrupt. I have also heard from small businesses who have very expensive insurance, and were looking forward to seeing this proposal pass because they believe that it could cut their rates literally in half.

I will also share with you the experience of two business partners, a man and woman who owned an advertising firm in Stamford, Connecticut. The gentleman, who was the business partner, has a family of four and it cost him $25,000 a year for insurance for his family. His former business partner, a woman, paid half that much, about $12,000 a year for her insurance. She was offered a position as an advertising executive in New York City, and because she would not have to pay for health insurance, she actually left that business that she had helped found in Stamford that employed six people and went to work for this New York advertising firm just so she didn't have to shell out that $11,000. So, literally, we are losing entrepreneurs in Connecticut because of the lack of affordable health insurance.

REP. FONTANA: So, in essence, health insurance is one of those things that allows small businesses to be competitive with large

businesses, and if we are trying to help small businesses, that could be, in fact, the single biggest thing we could do to help them; is that right?

SUSAN BYSIEWICZ: Absolutely. And small business owners also shared the fact that they were unable to offer a competitive salary package without health insurance, and that was a deciding factor in them being able to get qualified people to work with them. I also think it's very important to share with the committee that half the people in the state, 52 percent of the people in the state who are uninsured work for small businesses. 75 percent of the businesses that operate in Connecticut are between three and nine employees. So what you are considering here today is absolutely critical to the economic health of our state.

REP. FONTANA: So the overwhelming number of businesses and the majority of employees or lives covered by those businesses are uninsured currently?

SUSAN BYSIEWICZ: That's right. And those people are working for very small businesses of between three and nine people. So this would be critical to their survival.

REP. FONTANA: Very good. Thank you. Thank you, Mr. Chairman.

SENATOR CRISCO: You are welcome. Any other questions? Thank you, Madam Secretary.

SUSAN BYSIEWICZ: Thank you so much.

SENATOR CRISCO: Is it Barry Simmon or Barry Simon?

BARRY SIMON: Good morning, Chairs, Members of the Committee. My name is Barry Simon. I'm the executive director of Gateway Community Services and also the board chair for the Connecticut Community Providers Association. Gateway provides mental health services to DMHAS and DCF in the tune of approximately $10 million. We serve 600 individuals throughout Middlesex County. I'm here today to commend the committee for raising 6582 of the Connecticut Healthcare Partnership and, hopefully, for the inclusion of the nonprofit community providers within it. This legislation recognizes community providers as an integral part of the public/private partnership in the purchase and services community healthcare system.

As you know, the state pays us to take care of clients in the community to help them live as full a life as possible. As an industry, we provide services to about 500,000 residents in every town in the state, but, unfortunately, at the same time, the state asks us to deliver these services, but fails to give us the funding we need in order to do so. After more than 25 years of chronic underfunding, this legislation represents an opportunity to address part of the critical issue for community providers: The rising cost of doing business, in particular, the healthcare costs.

By opening the state employee pool and allowing community providers to join voluntarily, there is a possibility that we'll be able to reduce costs and increase the benefits to our employees and the individuals we serve. In theory, this will allow us to take advantage of the increase in bargaining power and reduce administrative costs associated with our insurance. The key for us

as an 1199 unionized provider is that participation is voluntary and at their sustained cost containment.

If there is true success in keeping healthcare cost increases to a minimum, then we are able to provide more services with our overstretched budgets. As you know, there was no COLA in '09 and flat planning for '10 and '11. As the agency, we have changed health insurance packages three of the last five years. Our premiums have increased nearly 50 percent during that time, and as an agency, we spend more than $75,000 per month on healthcare costs in the MEHIP program.

SENATOR CRISCO: Thank you very much, Barry. Any questions of Barry? Thank you very much. We appreciate it. Turning back to the public official list, OPM Secretary Robert "biomedical" Genuario.

ROBERT GENUARIO: Good morning or afternoon, Chairman Crisco, Chairman Fontana, Chairman Harris, distinguished members of the Public Health Insurance -- and what's the other committee? -- and Human Services -- forgive me, Chairman Harris, and Human Services Committees. I am Robert Genuario. I am the secretary of the State of Connecticut Office of Policy and Management, and I'm here primarily to testify about the Act Concerning a Health Insurance Partnership before you, 6582. As you know, this bill is similar to a bill that passed -- though not identical -- to a bill that passed the Legislature last year and was vetoed by Governor Rell.

Governor Rell has indicated, both publicly and privately, that she's interested in working with proponents of this bill in an effort to

reach a resolution that could accommodate the goals of this bill, as well as provide for protections for the state and state finances and, frankly, I am here to indicate what our concerns are so that that can perhaps set a framework for these ongoing discussions.

I would note particularly that, at the request of Governor Rell, Lieutenant Governor Fedele is leading the discussions with the Speaker's office in an effort to achieve such an accommodation and such an understanding. I do think it is important, however, that the committees of cognizance understand what our concerns are with the bill as it is currently drafted.

As -- first and foremost, I think it is important to know what the bill seeks to achieve as opposed to what some folks might think it seeks to achieve. As we read the bill, the bill does not seek to achieve a vehicle for providing or, as a practical matter, would be successful in providing insurance for the uninsured. Under anybody's analysis, the cost of getting into the state health insurance pool would be expensive, and those who could afford to buy their way into the state health insurance pool clearly would be able to provide insurance under Connecticut's current competitive insurance market.

So we do not think that in any way, shape or form the bill addresses the issue of providing for insurance for the uninsured. There are other bills before the committees that might seek to do that, but this is not one of them, as a practical matter. I might add that Connecticut has made great progress recently, and particularly as a result -- evidenced by

results in the United States Census Bureau studies in reducing the population that is currently uninsured.

As currently structured, we believe that the bill would likely drive up costs to the State of Connecticut with regard to acquiring health insurance. And, candidly, you don't really need to take my word for that, because recently the Connecticut -- the Congressional Budget Office looked at a very similar proposal, opening up the federal health insurance pool. And their analysis, essentially, is that those with higher insurance costs would come in and those with lower insurance costs would not come in. Makes sense. Perfectly rational. I think we can assume rational behavior on those who purchase insurance.

One of the things that I think it is important to understand is what the main driver of insurance premiums is. The main driver of insurance premiums is claims experience. So groups that have high claims experience or high medical utilization are going to have more expensive insurance premiums than those groups that have more broad-based or more average insurance premiums. The Connecticut -- the Congressional Budget Office, again, in a very similar proposal on the federal level said the following: To the extent that nonfederal enrollees had higher average costs for healthcare, the uniform premium would rise, but the effect would be averaged across federal and nonfederal employees. Compared with the previous alternatives -- those were alternatives where groups would be individually rated -- the lower premiums under this option would make it somewhat more attractive to nonfederal enrollees, but higher

total premiums for federal plans would also mean higher payments for federal enrollees. To the extent the average premium rose, the government's cost for its contribution on behalf of the federal enrollees would increase.

So, essentially, what the Congressional Budget Office concluded is that as higher cost pools of people come into the plan, then taxpayers end up subsidizing those higher cost pool of people. So it will tend to drive the cost up. It is, in fact, an implicit subsidy as opposed to an expressed subsidy. So that is one of our concerns. That concern, frankly, is addressed by many of the approaches that other states have taken when they have opened up their pools to nonstate employees. So that when other states have looked at the issue and have opened up their pools to nonstate employees, they have done things like individually rating those coming into the pools, having separate pools for local employees, having separate ratings for local employees.

Virtually no state, and I understand that the comptroller and the speaker have had conversations about this, virtually no state has opened its pool to small businesses, and to our -- based on our research, few, if any, have opened up their pools to nonprofits. We have found no state that both opens its pool to nonstate employees and maintains a separate and independent MEHIP program as the one maintained by the comptroller. So we do have concerns that this would not only drive up the cost, but to some extent might reduce the competition for the separate pools.

I want to address briefly the issue of the

self-insurance contained in this plan. First, let me say that from a philosophical, or ideological point of view, I do not oppose the concept of self-insurance. Many large employers do that in a lot of ways and a lot of times, and it can make sense. You have to, however, take it in context with where we sit today. We are in the beginning of a multiyear contract that we recently went out to bid. That bidding process was supervised by the Comptroller's Office, and, frankly, we think it was a remarkably successful bidding process. Recently, we've had actuaries look at the experience rating -- let me back up for a second. That bidding process which resulted in agreement with our carriers contained caps on the amount they could charge us each year, basically inflationary caps so that the state is protected during this contractual period from rises in the cost of insurance above the caps, and that risk is shifted to the insurers. If we move to a self-insurance pool, obviously, we will absorb that risk.

Based upon recent claims experience, as analyzed by our actuaries, it would appear that opening up our insurance -- giving away the caps contained in the self-insurance pool under this contractual period and taking on the risks associated with self-insurance, based upon our current claims experience, would actually drive up the rates for insurance for the State of Connecticut. So while I do not oppose, from an ideological point of view, a move to self-insurance, I would suggest that at this particular point in time that that would actually cost the state more money than it would save. Any savings, quote, savings, that might be associated with a move to self-insurance at this time would primarily be based, not on an actual savings,

but on a deferral in payments. When you move -- Self-insurance plan, you pay your premiums in advance -- I'm sorry -- fully insured plans, you pay your premiums in advance; self-insurance plan, you pay the claims in arrears. So the, quote, savings is the result of a delay in that period of time, maybe six weeks, where you would not be paying your premiums in advance and the six-week period before the claims under the self-insured plan would come in.

If you look at those -- if you dig deep and look under the hood, if you will, of the analysis of those who suggest that there would be savings from this plan, that's primarily the basis for the savings. It's not a savings. It's a deferral. At the end of the day, all of those claims need to be paid, and as I indicated, the actuaries indicate that our current claims experience would result in an increased cost on a monthly basis. So I hope you will take that into consideration.

I did want to -- you have many bills before you, and I won't comment on all of them. I did want to just mention the bill that is the final bill on your agenda. While we have not done 6600, An Act Concerning the Establishment of the SustiNet Plan, I don't believe any state has adopted anything similar to that at the present time.

And while we have not done a thorough analysis, my understanding is that the current estimates are about $950 million in 2014 when the plan would roll out. I would caution you about being less cautious about expenditures because they occur in the out years. Just because we don't have to put them in the budget this year, doesn't mean we won't have

to pay the piper somewhere down the road, and I would caution you against the adoption of a plan that has significant expenses in years that we are not dealing with but for which there is no plan, comparable plan, in place to cover the costs that are clearly associated with that plan. Those are my comments, and I would be happy to answer any questions.

SENATOR CRISCO: Thank you, Mr. Secretary. Are there any questions? Any questions? Yes, Representative.

REP. ESTY: Thank you, Mr. Chairman. Morning, Mr. Secretary. I guess it's good afternoon now. I had a question. It seems to me a lot of your opposition stems from an assumption that there is going to be adverse selection here, that those who choose to participate will be those who are higher costs and, therefore, drive up the cost of the pool. And I'm wondering how carefully you have actually looked at numbers. And, again, I have to say it's anecdotal from my district where I have had a lot of conversations with people around there, both in the nonprofit sector, as well as small business, and small business is the driver of our economy and job creation. It is my experience many of those businesses and many of the nonprofits have actually young people who are going bare; that is, they are going without insurance. It would seem to me that those workers, in fact, would help lower the average age and increase the health of the pool, which should work in the opposite direction. So if you could comment a little bit on that. I understand adverse selection. You are absolutely right about the economic principle, but what I question is the data that, in fact, bringing in nonprofit and small business, which, many of which go without

insurance now, leave it to their employees to buy their own insurance, which many of them do not because they cannot afford it. If you can comment on that, please.

ROBERT GENUARIO: Well, yes. And thank you for the question. The state health plan is not an inexpensive plan. I think we could all agree on that. There are many more -- there are many quality plans in the state that are less expensive than the state health plan. So I guess I'm -- if young people are going bare because they choose, because young people sometimes are not as wise as those who have been around a little while, but if they choose to go without insurance and choose not to acquire insurance that is cheaper than the state plan, then I am not sure why they would choose to pay for a more expensive product. And with regard to the employer, similarly, the employer can provide insurance that is less expensive than the state plan.

So if an employer has chosen not to put in place a product that would be, I think we would agree, could be less expensive than the state plan, then I'm not sure why I would assume that that employer would kick in to get into the state plan. So I think the same motivations apply to both employer or employee, and because the state plan tends to be an expensive plan, both employer and employee, in your hypothetical, have chosen not to get into less expensive plan. Why would they choose to get into a more expensive plan?

REP. ESTY: I guess it's not clear to me that -- obviously, some of the state plans are quite rich, but they are not all, and if you are a small business, there are economies of

scale -- rich as the state plan may be, there are economies of scale that the state is able to negotiate. I think you would agree that that is true. In fact, it's been pointed out by earlier testimony today that the caps have been able to help control costs. That is something I think you would agree that a small business or small nonprofit has no ability to negotiate that kind of deal, none whatsoever. They have no market power.

So it seems to me that -- again, I question that they have the same range of choices that you would see in a state plan, or a large employer. Pratt and Whitney was discussing it today. I mean, large employers have muscle in the marketplace, but small do not, and so I'm not sure that it is fair to say they have the same choice. In my experience, small businesses do not have the same choice of a plan. I mean, your market principles are clear. It's just a question of whether those market choices are available to small businesses. That's what I question.

ROBERT GENUARIO: And that's a different question. And I -- this is, I think, perhaps where we have a more fundamental differing view. We think, and we think the facts are clear that the primary driver of rates is experience and claims utilization. And there is a very competitive insurance market in the State of Connecticut. There are a variety of small business plans that are quality plans that are less expensive than even the lower tier plans that the state offers, though I would agree with you that the state offers a great range of plans. It is not -- it would be easy to accept the principle that I'm buying insurance for a lot of people so I can drive the cost down. Fundamentally, however, I don't think

that's how the insurance market works.

The insurance market is a very competitive market where experience ratings, depending upon industry, depending upon geography are analyzed, and employers can access quality inexpensive plans without -- at a fair price. I do not think they will drive their cost down significantly by coming into the state pool, or for that matter, driving the cost down at all. Now, that's where we -- but for some industries or some groups that have high experience ratings, they may well be able to provide insurance less expensively by coming into the state plan because they will get the benefit of the state's broad-based experience rating, and then we get into what is essentially an implicit subsidy on behalf of the taxpayers, and for that matter, on behalf of state employees, to the extent that state employees pay into the plan, covering the cost of this higher rated (inaudible). So I guess because I take a different view of what the major driver of insurance premium cost is, I think that the benefits that you seek from this plan are less tangible than might otherwise exist.

SENATOR CRISCO: Thank you. Any other questions? Yes, Chairman Ritter.

REP. RITTER: Thank you. Good morning, or good afternoon, Mr. Secretary.

ROBERT GENUARIO: Representative Ritter, nice to see you.

REP. RITTER: I'm sure you shoveled as much snow as I did today, so we're all together on that. I did have a comment really about your note on your second page regarding small businesses,

and I see that you seem to -- that your comment seems to indicate something very different from what I'm usually hearing from the small businesses in my part of Connecticut, which is southeastern Connecticut.

And they don't seem to feel that they have a healthy and viable small business market with affordable coverage choices for them, and it's, to their mind, the opportunity of widening the choices that makes a difference to them. And, of course, being folks in small business, the competitive -- the value of competition in the marketplace is something they understand, as well as the ability to perhaps make those critical determinations between what you pay for something and what you get.

And so, I guess I would suggest we are just not coming from the same place on that. And perhaps -- leave it there.

ROBERT GENUARIO: The only thing I would suggest, when you are thinking about this, that you are considering -- maybe when you are speaking with some of your constituents who run small businesses -- I think there is a lot of concern out there about the cost of insurance for small businesses. I think if you start with the fundamental premise that you can afford to pay an amount equal to what it would cost to get into the state insurance plan, if you take that cost and you say, what can I buy out there in the competitive world, I think generally speaking, there are a lot of options open to businesses that can afford to buy into this plan.

For many businesses that can't afford to buy

into this plan, they may not have looked at what the cost of this plan is. If they can afford to pay only half of what the state plan costs, their options are obviously going to be more limited. But for those who can afford to buy into this plan, they have multiple options available.

REP. RITTER: Well, then, I'll follow up by saying that, as I feel about many, many things, I think the ability to offer options to people when they are making those decisions is a huge thing and has significant value in and of itself. I don't think any of us -- well, I can't speak for everyone sitting at this table -- I personally have talked to many folks in this building who might feel that this alone is not going to cure everything that is wrong with our healthcare system. I think -- my guess is there is quite a few people in this room who might agree with that statement --

ROBERT GENUARIO: My guess is you are right.

REP. RITTER: -- but doing nothing or going along sort of in the way in which we have been going along seems, especially of late, to have had a lot of problems or introduced problems for people that are struggling in this difficult environment, so the failure also, I think, to address some of these problems is a burden that we feel, and it's my hope that this might provide a piece of the solution, and I don't think there is a single one bullet solution to healthcare in this country. And so the more of those pieces we can put together, I would advocate that we need to have our minds open to them.

ROBERT GENUARIO: I think that's a fair point, Representative Ritter, and I am not advocating

doing nothing, and, as a matter of fact, one of the reasons I'm here is to express our concerns so that in the discussions that the lieutenant governor and the speaker have, on behalf of the governor, perhaps we could come up with a plan that meets everybody's needs.

SENATOR CRISCO: Thank you. Any other questions? Any other questions? Thank you, Mr. Secretary.

ROBERT GENUARIO: Thank you, Mr. Chairman.

SENATOR CRISCO: Stan Soby. Stan Soby here?

STAN SOBY: Good afternoon, Chairs and Members of the Committees. Thank you for the opportunity to speak to you today in support of House Bill 6582. I'm Stan Soby, vice president for community programs at Oak Hill, a community-based nonprofit provider, located here in Hartford with over a hundred programs in 58 towns in Connecticut, providing services and support to over 500 individuals every day.

We provide Birth-to-Three services; educational, vocational and residential services to people with intellectual and other disabilities; and we provided assisted technology services, assisting people to use technology to become more independent each day, including service members who have been wounded in combat. We offer health insurance to over 750 staff whose positions with us are 20 hours or more per week, with individual coverage for some 350 staff, and coverage for spouses, children or families for the other four hundred plus.

Our health insurance cost this current year is over $7.9 million. That is a $900,000

increase from last year in a year in which we have received no increase in our rates. The increase from last year to this would have been higher had we not chosen last year to offer a high deductible health plan with a health savings account to some eligible staff and to self-insure a $1500 ambulatory services and inpatient services deductible for the other plan.

Over the years, our employees have shared the cost of increases through higher deductibles and increases in their monthly contributions. Later this month, we will begin negotiating a wage and health benefits reopener to our collective bargaining agreement with District 1199. We hope not to have to be in a position of balancing cost and coverage on the backs of our employees as we face two more years of zero percent increases. We believe the Healthcare Partnership could provide plan priced less than what we are currently paying with comparable if not better coverage. Knowing that participation would be voluntary is important as many of our colleagues' agencies might not be able to find a plan to afford them. We thank speaker Donovan for this initiative and hope he can help providers like Oak Hill contain costs and still offer benefits that attract and retain good employees. Thank you.

SENATOR CRISCO: Thank you very much, Stan. Any questions of Stan? Thank you very much.

STAN SOBY: Thank you.

SENATOR CRISCO: Kevin Lembo -- oh. One minute, Stan. Stan, there is a question.

REP. FONTANA: Stan, I just wanted to say thank you

for coming up in the weather. Appreciate that, and everybody here who has come up in the weather to testify, and I appreciate your comment vis-à-vis the inadequacy of so-called consumer driven and healthcare. But what we really are talking about and what Representative Ritter was sort of talking about is that pooling and self-insurance, in this case, is a necessary but not sufficient step toward making sure that everybody in our society who wants quality affordable health insurance can get it. So I appreciate your comments and I went to. Thank you for coming.

STAN SOBY: Thank you.

SENATOR CRISCO: Thank you. Kevin Lembo.

KEVIN LEMBO: Good afternoon Chairman Crisco, Chairman Fontana, Chairman Ritter, members of the Insurance Public Health and Human Services Committees. For the record, my name is Kevin Lembo, and I'm a state healthcare advocate. I'm happy to be here again this year in support of House Bill 6582, An Act Establishing the Connecticut Healthcare Partnership. House Bill 6582 seeks to provide another coverage option for municipal employees. House Bill 6582 would also convert the plans from fully insured to self-insured, as you had heard and know very well.

If the plans are converted, the new design must maintain compliance with the consumer protections presently in Connecticut's insurance statutes and that only apply right now to fully insured state regulated plans. Generally speaking, conversion to a self-insured product would afford the state greater control and flexibility in establishing meaningful wellness, disease

prevention, and disease management programs.

This year the state faces additional complications because of our financial condition, as you heard from the secretary of OPM. Conversion to self-insured design may jeopardize the predictable cost that we have now in our fully insured arrangement. Recently, as you are aware, Comptroller Wyman negotiated very attractive contracts for the state, covering employees and retirees. A thorough and independent analysis of the projected utilization numbers that were built into that negotiation versus the actual utilization under the contract needs to be undertaken. It sounds to me that OPM may have already undertaken a bit of that, and I encourage you to review that at your earliest opportunity.

I'm pleased to see the idea of pooling risks on a large scale as a strategy to bring down costs over and to use the savings to expand access to healthcare coverage, and if I may repeat, to use the savings to expand access to healthcare coverage. I've also submitted testimony for other committees dealing with the pharmaceutical bills, and also in support of SustiNet, and I ask you to review that, and I'm happy to answer any questions later. As ever, I remain committed to our ongoing work together, and thank you for your attention. I'm happy to take your questions.

SENATOR CRISCO: Thank you, Kevin. Any questions? Thank you very much, Kevin. Appreciated.

KEVIN LEMBO: Thank you, sir.

SENATOR CRISCO: Deirdre Ierardi here? Deirdre?

HB6582

DEIRDRE IERARDI: Good afternoon. Thanks for having us. My name is Deirdre Ierardi. My boss couldn't make it in today so I got the duty. I work for Bristol Community Organization. We are a nonprofit antipoverty agency, serving eight thousand clients, from Bristol, Plainville, Plymouth, Farmington and Burlington. Needless to say our client base, just to get off a little bit, is increasing as the economy gets worse. We have a staff of 25 full-time people and 52 part-time employees and a budget of $4 million. BCO is like any other small business. We carry workmen's comp. We pay taxes, and we struggle to make payroll because of untimely payments from some of our funding sources.

I support this legislation with a sense of urgency. You will see attached that we have documented over the past three years for a family of three, a young family of three what their costs were; a family of one at age 41, a single person; and a family of two at age 60. We have documented what their monthly premiums are. I'd just like to tell you about my monthly premiums. They went from $750 annually that I paid into my insurance as my contribution in 2006; they are now $2900. I get less coverage than I did three years ago. We have gone to an HSA; we have gone to an HMO; we have gone to a different person every single time, and there is no negotiating. And I really -- so there is a sense of urgency about this because we are not going to be able to afford insurance.

Our federal and state grants, our private funding has only brought us up maybe one or two percent. You know what the increases are to federal and state grants; they are nothing. They are minimal compared to what these costs

are. So I can't understand, with all due respect, why if you expand purchasing power you are not going to improve your ability to negotiate costs. That seems to me a really solid economic principle, and I'd like you to look at it carefully.

We are here to help in any way that we can, and I can answer any questions, and I'm happy to give any examples.

SENATOR CRISCO: Thank you, Deirdre. Are there any questions? Any questions? We are very concerned about those increases in healthcare. Thank you.

DEIRDRE IERARDI: Thank you.

SENATOR CRISCO: Mary Glassman.

MARY GLASSMAN: Good afternoon, Senator Crisco, Representative Fontana, Members of the Committee. Thanks for your indulgence. I was testifying in the Planning and Development Committee about the virtues of regionalism, so you can hopefully catch up on that testimony. I know these are very difficult times for the State of Connecticut, and I appreciate all your hard work in grappling with the state's $8 billion budget. I know these are very difficult times. But as we move forward under our constraints, we really need to keep focusing on trying to make healthcare in our state more affordable and more accessible to those who do not have healthcare, so I appreciate that you are continuing to address this issue for the State of Connecticut. I applaud the bills that are on this agenda today, the speaker's bill, 6582, the bill introduced by our own State Representative Linda Scofield, House Bill 5172, and some

other great bills that are on your agenda today. There are a number of themes, I think, that you have in a lot of bills going forward. So I'll focus on the themes that I think are important rather than the individual bills.

I would also like to let you know that in our community we pay the fourteenth highest mill rate in the State of Connecticut. We are under tremendous pressure in our communities to find ways to not raise taxes and to provide the services we have. Our grand list gross is negative and zero. We are losing money from the state in ECS funding, our investments are down 30 percent and so we, like other towns throughout the state, are struggling and under tremendous stress to be able to provide the services to our communities, so I appreciate any help that you can do to reducing our healthcare costs. In our community, we are facing a 14 percent increase in our healthcare benefits, so that just adds to the pile of issues that we have to deal with in our own struggling community.

Couple of great ideas and common elements I think are throughout many of these bills today, the methods to offer a lower cost plan for individuals in small businesses is a good way to start. I'd like to focus on the premium subsidies to low income individuals that either can buy individual insurance through their employees or buy it through plans if there is a cost-sharing piece of it. There are also incentives for employers to offer benefits, so I think that's also a good theme. Those are especially important to those lower income workers who don't have any other access to affordable healthcare. There is also subsidies for employer-based and public programs that are already in place,

about 92 percent of those programs are available to residents, and particularly the HUSKY program that we already know works so well for our children across the state.

Other proposals are dealing with creating better data collection to providers to analyze how we are doing in healthcare performances and coordinating initiatives to pay for performance approaches. There are also wellness initiatives, which we introduced for the first time in our own community that focus on smoking cessation programs, chronic case management and promoting healthy life styles. If we are going to get a handle and control our healthcare costs, we have to start with preventative measures and preventative efforts to keep those costs down. Improving Medicaid provider reimbursement and improving access to reduce cost shifts. I know these are difficult economic times, and I applaud your efforts to keep the discussion about providing access and affordable healthcare for our residents on the table. Thank you.

SENATOR CRISCO: Thank you so much.

Chairman Fontana.

REP. FONTANA: Thank you, Chairman. Good afternoon, Mary.

MARY GLASSMAN: Good afternoon.

REP. FONTANA: Pleasure to see you here. Just a couple quick questions about your health insurance plan out in Simsbury. How much does it cost you each year to cover your employees in their entirety?

MARY GLASSMAN: Oh, we are paying as an individual

-- I didn't bring my totals here -- but we are paying about up to $30,000 in premium cost to cover a family coverage, so our rate, we have an HMO coverage and a PPO coverage, so we have two different systems. But we pay as much as $29,000 per employee for coverage. We have increased our co-pays per employee, but even with 15 percent co-pay, it's still a tremendous burden on our town.

REP. FONTANA: And are you fully insured or self-insured?

MARY GLASSMAN: Self-insured.

REP. FONTANA: Okay. So have you done any analysis about how much your town might save if you were able to join this larger pool?

MARY GLASSMAN: We are in the process right now of doing that analysis and we are hoping to provide that information to you right now.

REP. FONTANA: Very good. I would think it would be a very interesting thing if CCM or COST, had the resources to do a study of the kind you are doing in Simsbury statewide. I would think that would be -- I should have suggested it to Gian-Carl when he was here, and I'm sorry I didn't, but I think it's a great thing what you are doing and if there was a way to get an estimate of how much the town would save, I think that might be a wonderful thing to have. So I commend you for doing that and I look forward to seeing --

MARY GLASSMAN: Thank you, Representative Fontana. And we'll provide that to you and I'll share with my colleagues at CCM your interest in that information from their town as well.

REP. FONTANA: Great. Thank you. Thank you chairman.

SENATOR CRISCO: You are welcome. Any other questions? Thank you very much. Tom Sullivan? Tom Sullivan here? Mark Masselli. Masselli. Mark Masselli. Paul. Paul Filson.

PAUL FILSON: Good afternoon, Chairs of Insurance and Human Services, and all the distinguished intrepid members of the various committees that made it in in the snow. My name is Paul Filson. I'm the director of the Service Employees International Union, which is the largest union in Connecticut, with over 55,000 members. We represent over 20,000 state workers and 18,000 healthcare workers. SCIU supports Speaker Donovan's Healthcare Partnership, 6582, and the SustiNet Plan 6600.

As you all know, Connecticut is facing a budget crisis with an over $8 billion deficit, and we also know that a huge driver of the crisis in the state and in its municipalities is the rising cost of healthcare. Insurance costs have been rising at double and triple, even quadruple the rate of inflation. This forces municipalities to cut school programs, raise property taxes and, of course, now the state is facing huge deficits. SEIU cannot understand why it is taking so long to make changes that will lower costs, increase quality and move towards universality.

Now is the time to, one, self-insure the state employee plan and create a larger pool to leverage buying power and increase competition, and, two, create more opportunities for the uninsured to get insurance. By insuring more people, healthcare costs will decline in the long-run.

It's unfortunate that hundreds of our members, including school bus drivers and some other municipal workers, have no insurance at all.

Finally, if, in fact, self-insurance and opening up the state employee pool would raise costs, then I would suggest that you look to see who is opposing pooling in the SustiNet. It's the private profit-making insurance industry. So if adverse selection punishes the state, then one would think that the beneficiaries would be the insurance companies who would have the healthier people to insure at the rates they want to insure them at. SEIU strongly supports moving the ball forward with 6582 and moving towards universality with SustiNet in 6600. Thank you very much.

SENATOR CRISCO: Thank you very much, Paul.

Chairman Fontana.

REP. FONTANA: Thank you, Chairman. Good afternoon, Paul. We received testimony earlier from the secretary of OPM, and it seems some of his comments dealt with the speculative nature of healthcare reform pro and con. It seems to me that you and your members deal with the reality of healthcare reform, and I just wanted to give you an opportunity to sort of express to us, if you could, any empirical or anecdotal data that you can so that we are not dealing so much with speculative concerns about what might or might not happen to the state plan or going self-insured, but what this actually means to people who work full-time, because, as I understand it, a large share of the people who are uninsured in the state work full-time currently, something like 70 or 80 percent of the people who are uninsured work full-time.

So it's not a matter of them not working. It's a matter of them not getting health insurance, or getting health insurance they can afford. So perhaps you could just enlighten us a bit with some actual experience that you've observed from your members.

PAUL FILSON: Well, I would like to point out a couple of things. One is the benefits of having a large pool. We represent janitors in Connecticut who are immigrants, who are some of the -- doing some of the work that -- here in the building here cleaning up in office buildings. We represent about 4,000 -- 5,000 in Connecticut.

But the interesting thing is that we represent about 75,000 of them in New York and Connecticut and New Jersey, and they've created what's called the Taft Hartley Fund, which is a joint employer/union healthcare plan, which is self-insured, which provides absolutely topnotch health insurance for our members, and the costs for that are significantly less than you can find out in the private insurance world, and it's, in fact, even less than the state employee plan, and, in fact, when our state -- when our janitors who were covered by our health insurance lost their health insurance and they were forced to have their kids go on HUSKY, it ended up costing the state more to have the kids on HUSKY.

So, the benefits of pooling are clear. When you have a large pool with hundreds of thousands of lives, you can leverage lower costs, and you can have insurance. And when you don't have it, our members end up having to use emergency rooms. This is absolutely

true. They have to go without, and they end up having worse health. And if you compare unionized janitors with health insurance with the nonunion janitors without, you'll see that their families are much healthier, they get the preventative care that they need, and it just makes absolute sense. And for our healthcare workers, it's absolutely obscene that they go to work in some nursing homes and they can't afford family coverage. Almost all our members have individual coverage, but their kids can't get health coverage, and they make too much money for Medicaid, for HUSKY, and their kids end up in emergency rooms.

So I would say that we need to move the ball forward; we need to create options; and we need to move towards universality. I don't know if that answered your question.

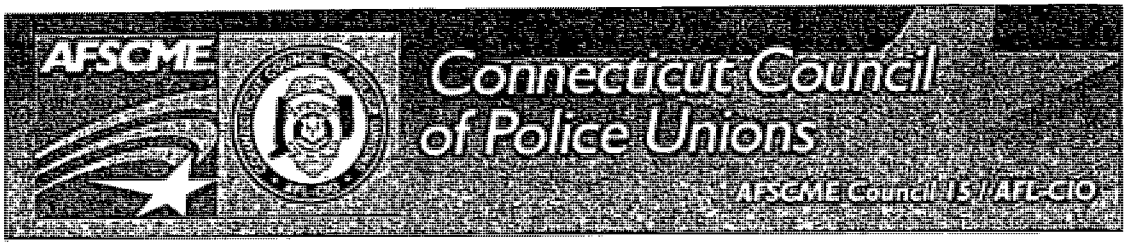
REP. FONTANA: It did. Thank you very much. Thank you, Chairman.

SENATOR CRISCO: Thank you, Mr. Chairman. Any other questions? Thank you so much, Paul.

PAUL FILSON: Thanks a lot.

SENATOR CRISCO: That concludes our public hearing part for 6582. We move on to 5172. Eric George.

ERIC GEORGE: Senator Crisco, Representative Fontana, Representative Ritter, members of the Insurance Public Health and Human Services Committee, my name is Eric George. I'm the associate counsel for the Connecticut Business and Industry Association, and I would just like to add our voice along with those who are looking for significant comprehensive healthcare reform. Representative Ritter, you



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Thomas R Carozza Sr

March 2, 2009

Testimony in support of:
***Raised Bill No. 6582 AN ACT ESTABLISHING THE CONNECTICUT HEALTHCARE PARTNERSHIP* (LCO No. 4045)**

Members of the:
Public Health Committee
Human Services Committee
Insurance and Real Estate Committee

Workers and their families are waging an increasingly difficult struggle to secure or to keep good health care coverage. Almost every worker must battle and sacrifice merely to sustain health care benefits. More than 46 million people in the U. S. are currently without health insurance, more than 75 million went without coverage for some length of time within the last two years, and millions more have inadequate coverage or are at risk of losing coverage. Minorities, immigrants and women are denied health care at disproportionate rates, while the elderly and many others must choose between necessities and life sustaining drugs and care. Unorganized workers have either no or inadequate coverage. The Institute of Medicine has found that each year more than 18,000 in the U. S. die because they had no health insurance.

The United States health system continues to treat health care as a commodity distributed according to the ability to pay, rather than as a social service to be distributed according to human need. While we spend approximately twice as much of our gross domestic product as other developed nations on health care, we remain the only industrialized country without a plan that covers all in need. Insurance companies and HMOs compete not by increasing quality or lowering costs, but by avoiding covering to those whose needs are greatest. The problem deteriorates as insurance costs rise and patchwork solutions fail to adequately address the issue.

Council 15, representing sworn police officers in sixty two municipalities in Connecticut, supports health care reform and *Raised Bill No. 6582*. Health care reform would apply savings from administration and profits to expanded and improved coverage for all. Economic necessity and moral conscience compel us to seek a better way.

CITY OF STAMFORD
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TESTIMONY BEFORE THE PUBLIC HEALTH COMMITTEE
INSURANCE AND REAL ESTATE COMMITTEE
AND HUMAN SERVICES

HB6582 ALLOW MUNICIPAL EMPLOYEES TO JOIN THE STATE HEALTH PLAN

Chairman, Co-Chairs and Ranking Members of the Public Health, Insurance and Real Estate and Human Services Committees, my name is Michael Freimuth and I serve as the City of Stamford's Director of the Office of Intergovernmental Relations.

Insurance makes up nearly $35 million of the city's overall $455 million budget. We have seen annual increases in health cares costs from 8 to 10 percent over the last few years and are constantly searching for ways to control these costs.

Should the savings be truly possible and justified and with municipal choice to enter the program, the city is supportive of HB 6582. As a self insured entity today, we are able to manage our risk and to control some of our exposures. We participate in a larger pool today for our prescription program and we are doing better. It therefore stands to reason that participation in a larger state pool will also offer us some options and competition to mitigate these ever growing municipal expenses.

We offer the help of our employee benefit team to the committees to further pursue this opportunity and to evaluate the options and program designs before you today.

Thank you.

Quality is Our Bottom Line

To: Members of the Insurance and Real Estate, Public Health, Human Services and Appropriation Committees

From: Keith Stover
Susan Halpin
On Behalf of the Connecticut Association of Health Plans

Re: Raised Bill No. 6582, AA Establishing the Connecticut Healthcare Partnership

As your committees begin the process of contemplating what "reform" might look like in Connecticut, the range of options, and their cost, undoubtedly feels overwhelming. There are, however, a few objective standards we believe ought to be applied to any proposal purporting to be a "reform" idea:

1. Does it make a significant step towards providing access to health insurance for a population experiencing difficulty finding insurance, and does it make access easier and more affordable?
2. Does it appear to provide a reasonable roadmap for economically sustainable "reform," particularly in the context of our multi-year fiscal hardships?
3. Does it attempt to bring about systemic cost savings?
4. Does it emphasize health and wellness in a way that will enhance health status of Connecticut's citizens and will, over the long term, enhance the economic viability of our health insurance system?
5. Does it protect and preserve a vital engine of Connecticut's economy – the health insurance industry?

Sadly, by almost all of these measures, the Connecticut Healthcare Partnership fails:

1. The bill does not find health insurance for a single new individual - the population struggling most with access to affordable comprehensive health insurance. For a small employer seeking more affordable insurance, access to the most expensive health insurance in Connecticut – the state employees plan - is a hollow victory. There is little in the market that's less affordable than the state employee insurance plan;

2. The bill does not provide any roadmap to sustainable reform; at best, it permits the state, by self-insuring, to enjoy the potential savings of a couple-month claims lag, allows the state to cherry pick risk by picking and choosing which new groups it will permit into the pool – unlike the private market, where there is guaranteed issue, adjusted community rating and a subsidy mechanism for adverse risk;

3. The bill does nothing to bring about systemic cost savings – it relies entirely on the collective bargaining agreement reached by the state and its unions, which, as we are well aware, has resulted in an unsustainable cost and benefit structure. Any cost savings from self-insurance is temporary – the cost of claims is the cost of claims, regardless of whether the risk of paying the claims is borne by and insurer or by the taxpayers of the state;

4. The bill makes no attempt to bring value-based or wellness-based benefits to the state employee pool, and in that way it is a throwback to a health insurance system so archaic it's almost laughable. The benefits are wonderful – if you have them – but simply unsustainable;

5. The bill does nothing to enhance the position of Connecticut's insurance industry, nor does it attempt to leverage the extraordinary base of knowledge we have right here in Connecticut to bring cost containment, benefit design, or any other ideas to the table as Connecticut contemplates reforms – a missed opportunity. Instead, once again, the bill relies upon the state's public employee unions, who have brought to the table plans and benefits so far out of step with the private marketplace that it's hard to imagine any employer, including any municipal employer, who would find access to the state employee pool an attractive option.

There is a great deal of work to be done in Connecticut as we try, as a state, to bring about a reasonable approach to reforms designed to make certain that everyone has access to affordable health insurance. Unfortunately, notwithstanding the political rhetoric around the notion of a "partnership," this bill moves the state not one step in that direction, and we urge its rejection.

STATE OF CONNECTICUT
OFFICE OF POLICY AND MANAGEMENT

TESTIMONY PRESENTED TO THE PUBLIC HEALTH, INSURANCE AND REAL ESTATE AND HUMAN SERVICES COMMITTEES
March 2, 2009

Robert L. Genuario
Secretary
Office of Policy and Management

Opposing House Bill No. #6582

AN ACT ESTABLISHING THE CONNECTICUT HEALTHCARE PARTNERSHIP

Senators Harris, Crisco, and Doyle, Representatives Ritter, Fontana, and Walker, Senators Debicella, Caligiuri, and Kane, Representatives Giegler, D'Amelio and Gibbons and distinguished members of the Public Health, Insurance and Real Estate, and Human Services Committees, I am Robert L. Genuario, Secretary of the Office of Policy and Management. I come before you this morning to testify in opposition to House Bill 6582, "An Act Establishing The Connecticut Healthcare Partnership".

As we are all aware, issues associated with health care costs and access are complex and defy easy solutions. Even given these complexities, however, we have continued to make progress here in Connecticut. Recently the U.S. Census Bureau documented our significant progress in reducing the number of uninsured residents in this state.

While well-intentioned, House Bill 6582 will not lead to reducing the number of the uninsured nor will it reduce costs. In fact, the evidence indicates that this proposal will increase our costs for public employee health benefits at a time when we are struggling to make resources available to meet the needs of our most vulnerable populations.

As we discussed last year, the pooling proposal again contained in this bill is fundamentally unworkable.

As it happens, the U.S. Congressional Budget Office, in its December 2008 report, looked at the issues associated with opening up the Federal Employee Health Benefit plan in the same fashion as the bill proposes to do with the State employee plan. According to CBO, if those joining the federal plan were to pay the same premium as federal employees, as is being proposed in House Bill 6582, the FEHB

plan would most likely attract those with above-average costs for health care. As a result, the uniform premium would rise causing the cost to increase for federal employees, the federal government and those joining the plan. This is exactly the reaction we saw from the market when this proposal was raised here in Connecticut last session.

We note that the bill does provide for a community-based rating under existing State law for small businesses seeking to join the State plan. Under these provisions, factors such as age and geographic location can be utilized in setting rates, but not health history. Using the federal example once again, however, CBO predicts that the total premiums charged to non-federal employees would likely still be substantially higher than those observed in the individual market based on adverse selection issues.

It is critical to note that as a result of Connecticut's progressive regulatory framework for health insurance for small businesses, including our community rating statutes, our State has a healthy and viable small business market that provides affordable coverage tailored to meet the needs of small businesses and their employees. Connecticut is viewed as a leader in this regard across the country.

The problems and viability issues associated with the current proposal can be demonstrated by what is—and is not—being done in other states. We looked at the 26 states that we know of that have opened their State plans to local governments or which have established programs similar to our MEHIP. We found that no state opens its state employee plan to small businesses or generally to non-profits. No state appeared to have both a MEHIP type program and a provision to allow local governments into the State employee plan. Most all of the states take specific steps to mitigate negative cost impacts on the state or the issues of adverse selection discussed previously. These measures include having separate pools for local employees, separate ratings for local employees, requiring participation of certain local employees, and penalties for leaving the pool. We also found that 22 of the states established the benefit plans administratively, with four doing so through collective bargaining agreements negotiated periodically.

In looking at comparisons of premium rates for municipalities and the State, in many instances the State's costs are higher than the local costs. The causes and accuracy of the cost differences are not easy to determine since they are driven by factors such as plan design, demographics of the group, and other factors. As was found in the case of New Haven last year, these have to be analyzed on a case by case basis. Where premiums are higher at the local level as a result of factors such claims experience or regional cost differences (which can cause cost variations of 16 to 18% across the state), the impact of these towns joining the State plan would be clearly be to increase costs to the State, its employees and others in the plan.

While some relatively modest administrative savings compared to the full cost of premiums may be possible for some local governments with this proposal, these savings can best be achieved through efforts such as the Comptroller's E-MEHIP

plan and working with municipalities to work together in the procurement of health insurance, as a number of local governments already have. The other and greater challenge to be addressed is to increase the value received from the underlying claims that comprise the vast bulk of our growing health insurance costs. Health care economists indicate that a significant portion of our nation's consumption of health care services is not necessary or effective in terms of improving health care outcomes.

House Bill 6582 contains a provision for the Comptroller to convert the existing state employee health plan to a self insured plan for the benefit period beginning on or after July 1, 2009. The State is currently in the first year of three year contracts with each of the health care insurers. The State has procured caps for the premium increases in next two years. The caps guarantee that the premiums can not increase by more than negotiated cap percentage amount. This effective cost containment tool will be eliminated if switched to a self insured plan.

Currently, the state employee plan is experiencing high claims activity and switching to a self insured plan at this time will not only shift the risk from the insurers to the State but will also cost the State more money, thereby increasing the anticipated deficits projected during the biennium. Based on information obtained from the Comptroller's Office, switching to a self insured plan could result in FY 2010 rates that are 5.9% higher than the cap guarantee under the existing fully insured plan. This translates into an additional $69 million in health costs for active and retired state employees in FY 2010. This amount does not even include the additional costs to set up a reserve which should be at least $100 million. To not establish a reserve for the medical claims would be extremely reckless, especially in light of the current claims experience of the State plan.

These costs would dramatically increase if non-state public, municipal-related, small employer and non-profit employees are included in the same pool as the state employees plan. The State is bound by existing health contracts that did not incorporate an expanded pool. The rates and caps were developed using the very specific demographics of state employees and retirees. Adding a large, unknown group of employees and retirees to the current pool would drive changes in utilization rates and claims costs. Material changes such as these require renegotiation of the agreements.

Once again, while we appreciate the intent behind House Bill 6582, we continue to have serious reservations regarding the adverse consequences on the State budget that would result from passage of this bill. And let me repeat: this bill does not decrease the number of those who are uninsured; rather it merely provide a more generous benefit package to those who choose to sign up for it and passes that cost along to state taxpayers.

All that said, we are happy to work with you and the other members of the General Assembly in building upon our joint record of improving access to affordable and effective health care. I would like to again thank the committee for the opportunity to present this testimony. I will be happy to answer any questions you may have.

CONNECTICUT CONFERENCE OF MUNICIPALITIES

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THE VOICE OF LOCAL GOVERNMENT

TESTIMONY

of the

CONNECTICUT CONFERENCE OF MUNICIPALITIES

to the

COMMITTEES ON PUBLIC HEALTH, INSURANCE & REAL ESTATE, AND HUMAN SERVICES

March 2, 2009

CCM is Connecticut's statewide association of towns and cities and the voice of local governments - your partners in governing Connecticut. Our members represent over 93% of Connecticut's population. We appreciate this opportunity to testify before you on issues of concern to towns and cities.

H. B. 6582, "An Act Establishing The Connecticut Healthcare Partnership".

This bill would, among other things, provide municipalities with the option of enrolling their employees in the state's health insurance program.

The high cost of providing health care to municipal employees is hurting towns and cities across Connecticut. Two years ago CCM formed an Ad Hoc Committee on Municipal Health Care Costs to discuss the present cost-related problems, and to generate ideas for assisting municipalities in coping with them. The Committee's report – endorsed by CCM's Board of Directors and Legislative Committee discusses the problems municipalities face in finding affordable health insurance, steps they have taken to address those costs, and makes recommendations for State action that can help local governments.

One important aspect of those recommendations is to provide local governments with options of which they can voluntarily avail themselves, including through state programs. This bill provides such an option.

Last session there was much discussion and concern about whether this legislation would be mandatory on the part of municipalities. Speaker Donovan and other proponents met several times with CCM and we agreed on the compromise that is found in section 4 of the bill – that "initial participation...shall be a permissive subject of collective bargaining and shall be subject to binding interest arbitration only if the collective bargaining agent and the [municipal] employer agree", in writing, to bargain over the topic.

That provision allows municipalities to decide for themselves whether they want to bargain over participation in the pool. It gives them the option, it does not force their hand. It's voluntary.

Municipalities will best be able to control rising health care costs if they have before them a menu of options so they can choose what works for their specific situation – including intermunicipal pooling, the Comptroller's plan for an "Enhanced MEHIP" program and the option of joining the state employee pool.

We urge you to favorably report this bill.

##

For more information, please contact Gian-Carl Casa or Jim Finley
(gcasa@ccm-ct.org, jfinley@ccm-ct.org) or by phone (203) 498-3000.

The Arc Connecticut

Advocates for people with intellectual disabilities and related developmental disabilities

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Tri-County Arc
Columbia

Contributions are tax-deductible

Executive Director
Lynn C. Warner

March 2, 2009

Testimony before the Committees on Human Services, Public Health, and Insurance and Real Estate
Re: H.B. #6582, "(Raised) An Act Establishing The Connecticut Healthcare Partnership"

by
Lynn Warner, Executive Director/The Arc of Connecticut

Good morning Members of these distinguished Committees. I am Lynn Warner the Executive Director of The Arc of Connecticut, a 57-year-old statewide advocacy organization for individuals with intellectual disabilities and their families. We have 23 local chapters that provide supports, services, and advocacy for individuals with intellectual disabilities throughout Connecticut.

I am here today to testify in support of **House Bill # 6582, "(Raised) An Act Establishing The Connecticut Healthcare Partnership** The Arc of Connecticut fully supports the idea of allowing nonstate public employers, municipal related employers, small employees and nonprofit employers to join the State of Connecticut health care insurance pool.

For years the private providers serving individuals with intellectual disabilities have served these individuals with dignity while providing a high quality of care. However, for years private providers have been consistently under funded, subjected to unfunded mandates, consistent lack of cost of living increases and extensive rate changes. In addition to these funding hurdles – Private Providers are often forced to charge their employees healthcare contribution rates that many of their employees simply can not afford. This system often results in workers, and at times their children and families, who are often uninsured or under insured – some are even on the HUSKY program.

Private non-profit providers want to be able to offer the best possible benefits to their employees – benefits these individuals truly deserve.

Employees who are paid a competitive wages and/or receive quality benefits are more likely to give more of themselves to the people they are responsible for caring for if they are not as worried about what will happen if they or their child gets sick or if they have to choose between food or medication.

If staffing turnover rates decline and long-term consistent relationships between the staff members and the individuals in trusted in their care are formed then everybody wins. No one gains anything when employees can not afford to work at an agency or worse yet, forced to work two or three jobs at a time.

On behalf of the 23 non-profit Local Chapters of The Arc of Connecticut, I urge to support the passage of this bill.

Thanks you for the opportunity to speak to you today.

City of New Haven
John DeStefano, Jr.
Mayor

Testimony of John DeStefano, Jr.
Mayor, City of New Haven
March 3, 2009
Public Health, Insurance and Real Estate and Human Services Committees
Connecticut General Assembly

Honorable Committee Members, thank you for allowing me to address you. I am here today to testify in support of HB 6582, An Act Establishing The Connecticut Healthcare Partnership. Majority Leader Donovan has been a champion of affordable health care coverage and I commend his commitment to continuing to advocate for greater access to healthcare for the citizens of our state. HB 6582 would open the State employee pool and allow municipalities, small businesses and nonprofit organizations the option of joining the state pool.

Although this option would not benefit large municipalities such as New Haven who already have a large pool of insured, the option of joining the state pool would be a significant tool for smaller municipalities, small businesses and nonprofit organizations who are struggling to provide healthcare to their employees. As we have seen across the nation, healthcare costs continue to rise at an alarming rate, forcing employers to make untenable choices.

Over the past 10 years, 96 percent of new job growth in Connecticut has been created by businesses of 50 or fewer employees. These small businesses are increasingly struggling to afford to provide health insurance coverage to their employees.. As health care costs rise, employers often drop coverage for employees or shift costs to workers through higher health care contributions, higher deductibles and cutbacks on raises and new hires. Increasing health care costs have also forced many small business employers to eliminate coverage all together or simply go out of business.

According to a 2007 study by the Universal Health Care Foundation of Connecticut, 78% of businesses in our state that did not offer employee health insurance cited un-affordability as the reason, yet, 80% of those businesses wanted to be able to provide affordable health insurance to their employees.

Since we all share the mutual goal of helping small businesses grow their business and create more jobs for Connecticut, this comprehensive and thoughtful approach to making health insurance more affordable would drastically reduce the number of uninsured residents in the State of Connecticut while supporting economic growth.

I therefore urge your support of HB 6582.

State of Connecticut

NANCY WYMAN
COMPTROLLER

MARK E OJAKIAN
DEPUTY COMPTROLLER

Hartford

Testimony Before the Insurance and Real Estate Committee
Public Health Committee
Human Services Committee
State Comptroller Nancy Wyman
March 2, 2009

HB 6600
SB 1048

Good morning Chairman Crisco, Chairman Fontana, Senator Caligiuri, Representative D'Amelio and distinguished members of the Insurance and Real Estate Committee, Chairman Doyle, Chairman Walker, Senator Kane, Representative Gibbons and distinguished members of the Human Services Committee and Chairman Harris, Chairman Ritter, Senator Debicella, Representative Giegler and distinguished members of the Public Health Committee. I am State Comptroller Nancy Wyman and I would like to thank you for the opportunity to testify before the Joint Committees on several initiatives.

As you our legislative leaders continue the necessary debate on healthcare reform, I am encouraged by the wealth of innovative ideas and practical solutions being generated around this complex issue. The thoughtful dialogue that is now occurring, both here in Connecticut and in the halls of Congress, demonstrates the pressing need to transform our healthcare system at a time when so many are facing economic uncertainty.

Each of us is aware of the enormity of this mounting problem. There are 46 million citizens uninsured in America. More than 8.6 million of those that go without are children, mostly from working, low-income families. The enormous expense of this broken system is a staggering $2.3 trillion per year and threatens to have serious long term negative impacts on our economy.

The costs are already measured in more than dollars and cents –a study out earlier this year reported that the lack of health insurance results in a loss of three lives each week in Connecticut alone. The serious, life threatening nature of this issue has led a new survey to conclude that 82% of Americans want sweeping and fundamental reform.

Elected officials grasp the significance of the problem and have offered numerous legislative initiatives to secure coverage for individuals unable to afford care.

I would like to take the opportunity to comment on **House Bill 6582, "An Act Establishing the Connecticut Healthcare Partnership."** As many of you know, I have been a support of purchasing health insurance through pools that allow smaller employers to achieve the advantages that large employers have of spreading their health care

experience over a larger pool and thereby lowering the cost of providing coverage for their employees.

I have been a proponent of the Municipal Employees Health Insurance Plan which was originally enacted to leverage the purchasing power of the State to negotiate more favorable rates for municipalities. Over the years the MEHIP program has been expanded to include not for profit organizations and small employers. Most recently we have worked on an initiative to allow our municipalities to join together and purchase insurance through a self-funded pool that we call Enhanced MEHIP. The Enhanced MEHIP program offers a standard set of benefit plans for a municipality to offer and would permit municipalities to pool their risk within a larger pool in order to achieve savings.

In addition, in 2006 and 2007 I worked with the Chairman of the Finance and Appropriations Committee on proposed legislation that would have created a self-funded municipal health insurance purchasing pool in order to provide property tax relief to our cities and towns.

I am in agreement with the concept of the Healthcare Partnership, but I have a number of concerns as it is currently written, however, I have been working with the Speaker of the House to craft substitute language that could make this a viable workable program for the State and for our cities and towns. I am in favor of a self-funded pool that brings together the state employee plan and municipal employees. I will note that the state employee plan is currently a fully insured plan as a result of a collective bargaining agreement with SEBAC (State Employee Bargaining Coalition) and that aspect needs to be addressed in order for this program to move forward.

In discussions with the Speaker, the substitute language will no longer include small businesses and not for profit organizations, but pools together employers and employees with a similar risk profile in terms of employee populations and work environment. It makes the partnership a permissive subject of bargaining for the municipality and provides a mechanism through an actuarial review to assess the risk of accepting a portion of a town's employees as bargaining units merge into the plan and permits the Comptroller to deny participation if such a group results in a shift of disproportionate risk to the plan. Lastly, the language would permit us to adequately provide for a reserve fund that will protect cities and towns from claims fluctuations that could result in mid-year assessment of additional premiums.

I look forward to continuing to work with the Speaker and the Chairmen of the Insurance Committee to make this legislation and this program a viable alternative to help our cities and towns lower the cost of providing health care to their employees and therefore protect their budgets from skyrocketing health insurance premiums they have and are experiencing.

I would also like to comment on **House Bill 6600, "An Act Concerning the Establishment of the Sustinet Plan."** This legislation brings forth some very good ideas regarding moving our healthcare system forward on a path toward better outcomes.

February 28, 2009

Dear Senator Joseph Crisco and Representative Steve Fontana, Co-Chairmen of the Insurance and Real Estate Committee,

I am writing in support of both HB 6582, an act establishing the Connecticut Health Care Partnership, and HB 6600, the Sustinet health insurance plan.

Connecticut's health care system is in crisis. We truly need quality affordable health care in Connecticut. The people most affected by our broken health care system are the middle class citizens; hard working people and families like yours and mine. Working in the field with children, I see first hand how poor quality health care service or no health care service affects children's ability to learn.

Implementing universal health care can help lessen the gaps in achievement between those that can afford it and those that cannot. Please work to provide this fundamental right for all Connecticut residents.

Thank you.

Miguel A. Cardona
Principal
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208 Main Street
Meriden, CT 06451
(203) 235-6359
Fax (203) 630-4099

Robin Wilson
President & CEO
Quinnipiac Chamber of Commerce
Before the
Public Health, Insurance & Human Services Committees
March 2, 2009

The Quinnipiac Chamber of Commerce *opposes* **HB-6582, AN ACT ESTABLISHING THE CONNECTICUT HEALTHCARE PARTNERSHIP,** which opens up the state employee health plan to small businesses and other entities.

Although we applaud Speaker Donovan's efforts to address concerns regarding the cost and availability of health insurance, we are concerned that offering small businesses the opportunity to join the state health insurance plan will do very little to provide small businesses with affordable health care options for themselves and their employees.

Although some savings may be achieved through a larger purchasing pool, it is our understanding that because the state health plan is very expensive - an estimated $22,000 per year for a family of four – cost savings for small employers is unlikely.

We are also concerned that a statewide purchasing pool would operate outside the small group rating laws, which have helped certain small businesses maintain health insurance by spreading the risk associated with less healthy or older employees across the broadest possible base so that no single small employer experiences a significant increase in rates.

The skyrocketing cost of health insurance is a major concern for our members. During these difficult economic times, employers are struggling to find ways to maintain health insurance coverage for their employees. Unfortunately, group health insurance has become a financial black hole for employers, who are facing double digit increases in costs each year.

We therefore urge you to oppose HB-6582 and, instead, look for ways to address the burdensome cost of health care and insurance, such as allowing small employers to purchase health insurance with fewer mandated benefits. According to the National Conference of State Legislators (NCSL), mandates play a significant role in the recent skyrocketing increases in health insurance premiums. NCSL indicates that individuals and employers—in particular, small employers—are in peril of dropping or canceling their health insurance coverage as a result. However, Connecticut continues to adopt new mandates each year without regard for cost.

The Quinnipiac Chamber also supports efforts to improve overall health through wellness and chronic disease management programs and incentives for employees to take advantage of such incentives. Wellness programs are a proactive solution to help employers hold down health care costs by encouraging positive, healthy behaviors. Many of our employers are encouraging wellness programs for their employees and are experiencing positive results.

The Quinnipiac Chamber of Commerce serves more than 800 member companies from the North Haven and Wallingford areas. We are the largest non-metropolitan chamber in the state.

UNIFORMED PROFESSIONAL FIRE FIGHTERS ASSOCIATION OF CONNECTICUT
AFFILIATED WITH INTERNATIONAL ASSOCIATION OF FIRE FIGHTERS
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PAUL J. RAPANAULT
DIRECTOR
Legislative / Political Affairs
5 Oak Hill Drive
North Branford, CT 06471
(203) 592-4524

March 3, 2009

Good morning co-chairs and members of the Public Health, Insurance and Real Estate and Human Services Committees,

My name is Paul J. Rapanault. I am the Director of Legislative and Political Affairs for the Uniformed Professional Fire Fighters Association of Connecticut. Our 4,000 members serve in 50 fire departments throughout the state.

I am addressing you today in **SUPPORT** of **H.B. 6582 AA ESTABLISHING THE CONNECTICUT HEALTHCARE PARTNERSHIP.**

As employees of Connecticut's municipalities, fire fighters are concerned with the economic health of our communities. This bill offers towns and cities the opportunity to provide their employees top quality health care while saving residents thousands of dollars in premiums.

Health care is one of the major issues facing our society and we must identify a way to ensure that all citizens have access to quality healthcare. With healthcare costs skyrocketing, giving municipalities the opportunity to enter the state employee healthcare pool is a very important first step to control costs and provide service. This is an opportunity that should not be missed.

Fire fighters urge your support of this important legislation.

Thank you for your consideration.

Paul J Rapanault
Legislative/Political Affairs

NFIB
The Voice of Small Business®

CONNECTICUT

TESTIMONY OF
NATIONAL FEDERATION OF INDEPENDENT BUSINESS
BY
ANDY MARKOWSKI, CONNECTICUT STATE DIRECTOR
REGARDING
HB-6582, AA ESTABLISHING THE CONNECTICUT HEALTHCARE PARTNERSHIP
BEFORE THE
INSURANCE & REAL ESTATE; PUBLIC HEALTH; AND HUMAN SERVICES COMMITTEES
MARCH 2, 2009

The National Federation of Independent Business (NFIB), Connecticut's and the nation's leading small-business advocacy association, respectfully submits the following comments regarding HB-6582, An Act Establishing The Connecticut Healthcare Partnership:

As "The Voice of Small Business"® in Connecticut and across the nation, NFIB supports the intent of HB-6582, An Act Establishing The Connecticut Healthcare Partnership, which is aimed at helping small businesses reduce their health insurance costs. NFIB thanks Speaker Donovan and all the other legislators who have brought forth and worked on this proposal in the past and in the current session.

Nationally and in Connecticut, NFIB has been at the forefront of the health care debate, fighting alongside small-business owners and their workers to address a growing problem. NFIB welcomes opportunities to address health insurance costs through legislation which would provide more affordable opportunities for small-business owners and their workers, however, Connecticut lawmakers should keep in mind there is no "smoking-gun" solution to this very complex problem. NFIB knows that no one solution will help cover rising healthcare costs, but a multi-faceted approach, led by reforms at the federal level, will allow small-business owners and their workers to find affordable health insurance. This approach should include health-insurance purchasing pools (particularly private) for small businesses, tax-based incentives to assist with the purchase of health insurance and implementing cost-containment measures.

Though each small business is distinct and makes its own unique contribution to Connecticut's economy, there is one thing all small-business owners have in common: A serious concern about rising health care costs. However, it is business owners that are best equipped to make the decisions surrounding health insurance. NFIB applauds the recognition of this fact as contained in the voluntary nature of the pooling efforts proposed in HB-6582, and wants to ensure that this voluntary approach for small-employers remains moving forward.

Additionally, while small business understands that under this proposal very small employers have an opportunity to enjoy the possible benefits of being in a large purchasing group; some are concerned that this is a step closer toward "government-run" or "government-managed" health insurance and health care, or that it may result in additional long-term fiscal burdens on the state, and thus employers through revenue raising options in the future

The Business Council
of Fairfield County

Strengthening Businesses Strengthening Communities

March 2, 2009

Testimony on H.B. Number 6582- An Act Concerning the Connecticut Healthcare Partnership

Tanya Court
Business Council of Fairfield County

Health care reform should be a central part of our state government's effort to protect its most vulnerable citizens, stimulate its economy, increase workforce productivity and control spending. This reform should be comprehensive in scope, phased in implementation, build on the strengths of the current system while remedying its deficiencies, and be undertaken in coordination with new directions in federal health care policy,

Partial efforts at reform which in isolation might seem to remedy one deficiency, but which in a comprehensive analysis can be seen to exacerbate other problems and even weaken current strengths, must be avoided. HB # 6582 bill, is one such flawed approach. As a practical matter, the approach only expands a state employee health insurance plan that is costly and falls short in the vital areas of wellness, condition management and preventive care. The State Employee Health Benefit plan provides benefits not often seen in private Employer Sponsored Health Insurance (e.g. $10.00 and $15.00 co-pays outpatient physician benefits and $3 and $6 prescription co-pays for generic drugs). While we do not suggest or even support "mandate light benefit plan designs" or a "race to the bottom", we are concerned that the State Employee Health benefit plan design is not sustainable in the long term with regard to costs to society (e.g. taxpayer). That said, we have the following questions:

1. What is the cost of the plan to the state (e.g. taxpayers) as well as to the employee for both current and retired state employees for the current year? What are the future projected costs to 2017?
   i. What additional cost will occur if municipalities and small business/non-profits are added (e.g. administrative expenses to enroll employees and process claims, etc.)? What are future projected costs?
   ii. Post retirement healthcare benefits for state and local government employees represent liabilities for state and local governments and ultimately a burden for state and local taxpayers. What is the current unfunded liability for post retirement health care benefits for state employees?
   iii. Why is the plan moving to a fully self insured plan? What cost savings will be achieved by such a move?
   iv. In short, what is the Fiscal Analysis of this proposal?

2. How does current state employee health benefit plan encourage individuals to be responsible for their health and to actively engage in improving their health? What incentives are provided to encourage individuals to be health-, cost-, and quality conscious in their health care decisions? Are there incentives to encourage employees to quit smoking, manage their weight, and comply with appropriate chronic disease management treatments?
3. Does the State take an active role to manage employee health such as reviewing claims data to see that the employee population in general are receiving necessary services and complying with treatment protocols?
4. How are health care providers incented to provide high quality evidence based care as cost effectively and efficiently as possible?
5. Will the Connecticut Healthcare Partnership be required to provide coverage to anyone independent of their health condition who applies (e.g. self employed individuals)? How will self employed individuals with pre-existing conditions be protected from excessive premiums, limited benefits, or refusal to renew coverage?
6. Does the plan reimburse providers regardless of the quality of care provided? The Business Council of Fairfield County believes that health care providers should waive costs associated with the National Quality Forum's List of Never Events and not seek reimbursement from the patient or third party payers. These events include surgery on the wrong body part, surgery performed on the wrong patient, incorrect surgery performed on a patient, retention of a foreign object inside a patient after surgery and others.

Until the information and analysis requested in these questions is available, consideration of this legislation is premature. Based on the best information and assumptions we have been able to gather, we believe the bill to be counterproductive and strongly oppose its passage. Should the identified information and analysis become publically available, we will review the bill again and offer an updated position.

Thank you for the opportunity to comment.

Attachment: Connecticut Health Scorecard Executive Summary

TESTIMONY
BART RUSSELL
CONNECTICUT COUNCIL OF SMALL TOWNS (COST)
BEFORE THE
PUBLIC HEALTH, INSURANCE & HUMAN SERVICES COMMITTEES
MARCH 2, 2009
LEGISLATIVE OFFICE BUILDING

RE: HB-6582 (RAISED) AN ACT ESTABLISHING THE CONNECTICUT HEALTHCARE PARTNERSHIP.

The Connecticut Council of Small Towns (COST) ***supports the intent of HB-6582*** which establishes the Connecticut Healthcare Partnership, aimed at helping towns and other entities reduce health care costs.

The skyrocketing costs for local employee and retiree health insurance represent one of the most serious fiscal challenges facing small towns. Double digit increases in health insurance costs have begun to dominate budget growth in many communities resulting in fewer resources available for other critical services, including education.

Moreover, towns are restricted in their ability to manage these health care costs by state laws and practices. The need to negotiate employee health coverage makes it difficult for municipalities to respond to changing budgetary constraints or new plan offerings in a timely manner.

As a result, we welcome opportunities to address health care costs through legislation which would provide more affordable opportunities for towns to provide health insurance to their employees.

COST fully appreciates the opportunity to participate on the work group, initiated by Rep. Chris Donovan, to review and discuss the proposal to meet the needs of towns and other stakeholders. The issues that COST, as advocates for the state's small towns, must focus on relative to this proposal are, as follows:

■ **Voluntary Approach** - We are very pleased that the proposal takes a voluntary approach which allows towns to determine whether participating in the state health insurance plan can truly achieve cost savings. While we recognize that the increased bargaining power and reduced administrative costs associated with joining the state health insurance plan may provide some savings, the rich health insurance benefits offered by the state plan may continue to make this option more expensive for our small towns. Our support for any proposal to open up the state

employee health insurance plan to towns continues to be conditioned upon it being a voluntary program. We thank Rep. Donovan for recognizing this concern and ensuring that the proposal does, in fact, take a voluntary approach.

■ **Part-time and Seasonal Employees** – It is our understanding that the bill is not intended to create any obligation on the part of the towns to provide health insurance benefits for part-time and seasonal employees or other employees who are not currently eligible for benefits. We will continue to review the language to ensure that this intent is reflected in the bill.

■ **Collective Bargaining** – In our discussions with the workgroup, it has been noted that the bill is not intended to create any additional right to collectively bargain health insurance benefits that does not exist under current law. Again, we will continue to review the language to ensure that this intent is reflected in the bill.

■ **Non-Municipal Employees** – As currently drafted, the bill does not create any obligation on the part of towns to provide health insurance benefits to contractors that provide certain services to the towns, such as bus drivers. Last year, COST opposed a draft of this bill which would have extended health insurance benefits to these individuals.

COST remains committed to working with the committee to develop effective public policies to address staggering health insurance costs facing Connecticut's small towns and look forward to working with you towards this end. Thank you for your kind consideration. Please contact me at 860-676-0770 if you have any questions.

Testimony
To
~~Labor and Public Employees~~ Insurance and Real Estate committee
House Bill 6582
Bristol Community Organization, Inc.
55 South Street
Bristol, CT 06010
Thomas H. Morrow, Executive Director

March 2, 2009

Thank you for the opportunity to testify on this important legislative initiative. Bristol Community Organization, Inc. is a non profit federally designated anti-poverty agency serving over 8,000 clients from Bristol, Plainville, Plymouth, Farmington, and Burlington.

I would like to thank Senator Crisco and Representative Fontana along with Speaker Donovan for their support of this idea.

With a staff of 25 full time and 52 part time employees and a budget of four million dollars, BCO is like any small business. We have to carry workmen's compensation, we must pay taxes and we often struggle to make payroll because of untimely payments from some of our funding sources. And, we must negotiate with agencies or insurance companies to secure our health benefits.

I support this legislation with a sense of urgency. Attached are three charts which explain the exorbitant jump in our employee health benefits in the past three years. If we did not increase each employee's co-pay and increase the deductibles, we would have been priced out of offering health care insurance to our employees.

Because BCO is funded through state and federal grants with some private and foundation money, there was little or no increase to the grants, except for a 3% or a 1% COLA on some state and federal grants. Therefore, the burden of the cost increases shifts from the employer to the individual employees. There are three examples:

- A family of three including two 29 year olds and a five year old child. Their costs went up 8% in 2007, 98% in 2008, and 17% in 2009.
- A family of two – aged 60 and 61. Their costs went up 47% in 2007, 109% in 2008, and 29% in 2009.
- An individual aged 41. Her costs went up 38% in 2007,103% in 2008, and 17% in 2009.

A small business, a non profit and so many municipalities – are paying so much more money with no improvements in the quality of care and certainly with no increase in coverage for illness. The cost, quality and coverage for all Connecticut residents would be improved by the formation of one - and only one consumer purchasing pool.

Year	Family of three Age 30/ total Monthly Premium	BCO portion of premium and Co Pay	Employee Portion of Health Savings Account: Premium and Co pay toward deductible	Employee Portion of HMO	Percent of Increase costs to employee Health Savings Option	Percent of increase costs to employee HMO Option
2006- HMO option only offered	$1,135.20	$964.92 HMO	n/a	$170.28 per month	-0-	-0-
2007 – HSA option only offered	$666.14	$566.22 HSA plus $2,000 per year toward deductible	$99.92/mo plus $1,000 for year toward deductible		8%	
2008 – HSA and HMO offered to employees	$754.72	$641.51 HSA	$113.21/mo plus $3,000 for entire deductible	$185.89 per month	1% plus out of pocket co pays	98%
2009- HMO and HAS offered to employees	HMO- $920.07 HSA - $826.46	$702.49 $702.49	$123.97/mo co pay plus $3,000 deductible plus $2,000 prescription drug deductible	$217.58 per month	22% plus $2000 additional deductible	17%

NOTE: In 2009, Employee chose the HMO option because of the $5,000 total deductible and the high premium.

Year	Family of two Age 60 total Monthly Premium	BCO portion of premium /and Co Pay	Employee Portion of Health Savings Account: Premium and Co pay toward deductible	Employee Portion of HMO	Percent of Increase costs to employee Health Savings Option	Percent of increase costs to employee HMO Option
2006- HMO option only offered	$903.95	$768.36 HMO	n/a	$170.28 per month	-0-	-0-
2007 – HSA option only offered	$776.24	$659.80 HSA plus $2,000 per year toward deductible	$116.44/mo plus $1,000 for year toward deductible		47%	n/a
2008 – HSA and HMO offered to employees	$1,114.80	$947.58 HSA	$167.22/mo plus $3,000 for entire deductible	Most employees took the HSA plan.	109%	n/a
2009 – HMO and HSA offered to employees	$1,438.74 for HMO $1,292.36 for HSA	$1,098.51 $1,098.51	$193.85/mo for co pay plus $3,000 deductible plus $2,000 prescription drug deductible	$340.23/mo	16% plus $2000 additional deductible	29%

NOTE: Employee chose the HMO option because of $5,000 deductible and high premium.

Year	Family of one Age 41 total Monthly Premium	BCO portion of premium and Co Pay	Employee Portion of Health Savings Account: Premium and Co pay toward deductible	Employee Portion of HMO	Percent of Increase costs to employee Health Savings Option	Percent of increase costs to employee HMO Option
2006- HMO option only offered	$420.25	$357.38 HMO	n/a	$63.07 per month	-0-	-0-
2007 – HSA option only offered	$303.58	$258.04 plus $1,000 per year toward deductible	$45.54/mo plus $500 for year toward deductible		38%	n/a
2008 – HSA and HMO offered to employees	$343.90	$292.31	$51.59/mo plus $1,500 for entire deductible		103%	n/a
2009 – HMO and HSA offered to employees	$401.56 for HMO $380.70 for HAS	306.60 306.60	$74.10/mo plus $1,500 deductible plus $1,000 deductible for prescription drugs	$94.96 per month	11% plus $1000 deductible for prescription drugs	17%

NOTE: Employee chose HMO option due to higher premium and $2,500 deductibles.

RICHARD BLUMENTHAL
ATTORNEY GENERAL

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Hartford, CT 06141-0120

Office of The Attorney General
State of Connecticut

TESTIMONY OF
ATTORNEY GENERAL RICHARD BLUMENTHAL
BEFORE THE PUBLIC HEALTH, INSURANCE AND REAL ESTATE AND HUMAN SERVICES COMMITTEES
MARCH 2, 2009

I appreciate the opportunity to support House Bill 6582, An Act Establishing the Connecticut Healthcare Partnership.

This legislation allows municipalities, small businesses and non-profit organizations to join the state employees' health insurance pool -- enabling them to lower their health insurance costs. These employers can then join the pool if they feel it is a fiscally prudent alternative to their current health insurance plan for their employees.

Municipal governments, small businesses and non-profit organizations are faced with lower revenues and increasing health care costs for their employees. Many are abandoning health insurance coverage or imposing large co-payments on their employees.

A recent report found that 1 out of every 4 people postponed necessary health care procedures because they could not afford to pay for it. The costs of delay can be tragic. Further, the state, through Medicaid and programs such as HUSKY, often ultimately pay for the larger costs once the medical condition worsens.

Opening the state employee health plan will allow these smaller employers the benefits of the state's bulk purchasing power. In turn, additional employees give the state plan even greater purchasing power than it currently has.

I urge the committee's favorable consideration of House Bill 6582 as a common-sense measure to reduce health insurance costs and increase health insurance coverage for more of the state's workers.

AARP Testimony
HB 6582 -- An Act Establishing the Connecticut Healthcare Partnership
March 1, 2009

On behalf of AARP and our more than 629,000 members in Connecticut, I congratulate you on considering proposals today to increase access to affordable, quality health care in Connecticut.

AARP has long advocated that life-saving health care is a right, not a privilege. AARP believes that all individuals have a right to health care services when they need them; coverage that provides adequate financial protection against health care costs; high quality health care; a reasonable choice of health care providers; and the financing of the system should be equitable, broadly based and affordable to all. We further believe that methods of provider reimbursement should promote high-quality medical care, efficient service delivery, cost effectiveness, and compensate providers fairly. Efforts to promote health and prevent disease should be strengthened, incentives to promote healthy behavior should be encouraged as long as they do not deny access to health care, and care should be coordinated and integrated in order to effectively address an individual's multiple and/or changing health care needs.

AARP supports the health care pooling concept contained in H.B. 6582, An Act Establishing the Connecticut Healthcare Partnership, as an important building block to achieving these goals.

H.B. 6582 extends coverage under the state employee insurance to children/youth in school until age twenty-one. The bill also requires conversion of the state employee insurance to self-insurance and opens the program to municipal employees, small employers and nonprofit employees. AARP believes that the quality of the state employee health insurance plans coupled with the increased bargaining power and reduced administrative costs associated with a larger state plan pool should allow employees of municipalities and small businesses greater access to quality affordable health care. This is critically important for the families and employers in Connecticut now spending over $12,000 per year on health care premiums alone.

We believe that H.B. 6582 also would result in savings to municipalities. By opening up the state employee health insurance plan to municipal employees that voluntarily choose to participate, towns would decrease their health care costs and provide a richer health care benefit to their employees. The same is true for non-profit providers and small businesses that choose to participate. This would be especially beneficial during a time of fiscal crisis, such as we are presently experiencing.

AARP commends the work of Speaker Donovan and legislative leaders who have long championed the health care pooling proposal described in H.B. 6582. AARP looks

forward to working with the General Assembly and the administration to build consensus around health care pooling and other aspects of health care reform that will be discussed throughout the day. We believe that with the health reform work already underway in our state, Connecticut should be leading the health reform efforts nationally. We must not be content to just wait for national health reform to come to us. We must make health care more affordable for the families and employers in Connecticut through approaches like the pooling approach included in HB 6582. Also, we must ensure that all Connecticut residents have access to quality, affordable health care. This includes the 70,405 uninsured Connecticut residents age 50-64, among the fastest growing group of uninsured. With the financial crisis worsening each day, the time for action is now. You have an opportunity this session to make health care affordable and available. AARP looks forward to working with you as a constructive partner to promote consensus and ultimately find workable solutions to our health care crisis.

Thank You.

Testimony in support of HB No. 6582, an Act establishing the Connecticut Healthcare Partnership

Committee on Insurance and Real Estate
Committee on Public Health
Mark Masselli
President//CEO
Community Health Center Inc.

March 2, 2009

Chairwoman Ritter and Chairman Harris, Chairmen Crisco and Fontana, and members of the committees:

My name is Mark Masselli, and I am president/CEO of Community Health Center, a statewide primary health-care delivery system based in Middletown, Connecticut.

Thank you for this opportunity to address you on this important subject of the Connecticut Healthcare Partnership. We support the bill in its current version, particularly with the inclusion of a self-insurance plan and to include small businesses and nonprofit corporations such as ourselves.

We also applaud the Speaker and members of the Legislature who have worked hard on this issue of bringing healthcare equity to more people in this state. Before and after his rise to the Speaker's podium, Chris Donovan has spoken out in favor of affordable and accessible health care. This is the kind of discussion that has made Connecticut a leader in the nation as an advocate for increased access to healthcare. In this day and age, this pooling concept is an issue easily understood by all citizens.

As many of you know, we at Community Health Center (CHC) believe that health care is a right, not a privilege. This bill allows our employees to enter the state employee insurance pool and enjoy the same low costs premiums and high value health care that state employees enjoy. We run our agency like a small business, and as such we would like to enjoy

the lowest possible insurance costs for ourselves and for our hard-working employees, whom we believe are the best in the business.

At CHC, we have 261 employees who are enrolled in our health-care plan, or 77 percent of all eligible employees. We spend nearly $2.4 million per year on health insurance. Last year our increase was close to 8 percent and at this rate we will see a doubling of our total expense in less than 9 years – In our case every extra dollar we spend on health premiums means that there are less resources to spend on providing needed health care to those we care for - the uninsured and underserved.

Allow me to make a point: CHC already participates in state buying pools – from pencils to automobiles. We want to thank the state for allowing us – just like municipalities and others – to piggyback on the state's purchasing power. This produces real savings because we buy in bulk – it's a common-sense approach to reducing our expenses. This is straight-forward, Yankee ingenuity at its best. With this incredible power behind us, why shouldn't smaller organizations have the power of choice and participate in the purchase of health insurance, which arguably has more effect on and has more importance to our employees than a No. 2 writing implement or a new Chevrolet?

At CHC we see 70,000 patients per year at our 12 hub centers and more than 140 school sites around the state, with locations from Groton to Danbury, from Clinton to Enfield. We see patients for medical services, behavioral health and dental care. We see patients who are underserved and uninsured, and many present with chronic disease. Our employees see patients through their care continuum in the best of times and the worst of times.

Right now-our nearly 400 employees are seeing the worst effects of this economic crisis that our nation is facing. More patients are coming through our doors. We care for people from all walks of life, including many people who work for small businesses. Many of these small businesses can no longer afford health insurance – they want to provide the coverage but the rising cost will put them out of business. We also care for employees of small non-profits such as arts-based organizations and community groups who also face the same crisis as small business and need a helping hand to pay for health insurance. Whether you are for-profit or non-profit, small businesses are all in the same boat, and the boat is taking on water and we need to be rescued. This plan is that life line.

This legislation also makes an important statement in diversifying fair access to healthcare coverage throughout the state. Approximately 70 percent of our employees are women – some of them single parents. They should have the best coverage too. Some of the other community groups who would benefit from this legislation reflect the growing diversity of our state.

And this legislation makes an important statement about healthcare costs. By switching to a self-insurance model, the state pool has the opportunity to hold down costs at a time when costs are rising precipitously. As a healthcare agency, CHC runs a highly efficient and lean operation. This move by the state is a wise investment in our state's future and we appreciate it.

Finally, this legislation makes an important statement about our state's future – because it invests in the families and children of our public servants, small business and employees of nonprofits. The offer of more inexpensive healthcare to a larger pool of people generally means reduced savings and the possibility of coverage for more people. We believe this pool will include more women and children. We must protect their health, just as we protect the health of our thousands of patients.

Once again, I thank the committees for your time.

Oak Hill
Since 1893, services & solutions for people with disabilities

Eleanor A Brooks
Blindness Related Supports Center at
Oak Hill

The Hartford Artisans' Center
at Oak Hill

Individual and Family Supports Center at
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Oak Hill Birth to Three Program

Oak Hill Camp

Oak Hill Center for Relationship & Sexuality Education

Oak Hill Day Services

Oak Hill Foundation, Inc

Oak Hill Professional Development

Oak Hill Residential Services

Oak Hill School

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Testimony Before the Public Health Committee, Insurance And Real Estate Committee and Human Services Committee
Regarding House Bill 6582 (Raised) An Act Establishing the Connecticut Healthcare Partnership

March 2, 2009

Good day Senator Harris, Representative Ritter, Senator Crisco, Representative Fontana, Senator Doyle, Representative Walker and members of the Public Health, Insurance and Real Estate and Human Services Committees. Thank you for the opportunity to speak to you today in support of House Bill 6582 An Act Establishing the Connecticut Healthcare Partnership.

I am Stan Soby, Vice President for Community Programs, at Oak Hill, a community-based non-profit provider located here in Hartford, with over 100 programs in fifty-eight towns in Connecticut, providing services and supports to over 500 individuals every day. Oak Hill provides Birth to Three programs, educational, residential and vocational services to people with intellectual and other disabilities, housing and support services to individuals with visual impairments, individualized supports to people with Autism and Asperger's Syndrome, Assistive Technology services, including to service members injured in combat, and low-cost, restored durable medical equipment to anyone with a disability who will benefit from it.

We offer health insurance to over 750 staff whose positions with us are twenty or more hours per week, with individual coverage for some 350 staff and coverage for spouses, children or families for the other 400. Our health insurance cost this current year is over $7.9 million. This cost is just under 10% higher than last year. That is a $900,000 increase in a year in which we have received no increase in our rates. The increase from last year to this would have been higher had we not chosen last year offer a High Deductible Health Plan with a Health Savings Account to eligible staff and to self-insure the $1,500 ambulatory services and inpatient services deductible for the other plan.

Over the years, our employees have shared the cost of increases through higher deductibles and increases in their monthly contributions. Later this month, we will begin negotiating a wage and health benefit reopener to our collective bargaining agreement with District 1199. We know that maintaining affordable, comprehensive medical care will be a critical part of these negotiations. We do not want to be in the position of balancing cost and coverage on the backs of our employees as we face two more years of zero percent rate increases.

We are encouraged that the Healthcare Partnership could provide plans which are priced less than what we are currently paying with comparable, if not better, coverage. Based on our experience, we find the 8% cap that is built into the current contracts is a key element. Knowing that participation would be voluntary is an important feature of the Healthcare Partnership, as many of our colleague agencies may not find the plan affordable to them.

We thank Speaker Donovan for this initiative that can help providers like Oak Hill contain costs and still offer benefits that attract and retain good employees. We look forward to working with the Speaker and the Legislature as this bill moves forward.

The Arc of New London County

Testimony in Support of Raised Bill 6582

Good morning. My name is Tom Sullivan and I am Executive Director of The Arc of New London County an agency that has been providing services to people with disabilities in Southeastern Connecticut since 1952. Our agency is also a member of the Connecticut Community Providers Association (CCPA) and The Arc of CT. I am testifying in support of Raised Bill 6582 also known as the Connecticut Health Care Partnership Act.

Last year we strongly supported an identical bill. We were very pleased when it passed both the House and Senate but disappointed when it was vetoed by the Governor. We have researched the potential benefit to our employees and the cost to our agency. The attached worksheet compares the current cost of our plans with the current annual premium costs for the State of CT employee insurance program. Since there are many plans to choose from in both scenarios, we based our comparison on the ***average*** annual premium. Note that the State Insurance Plan will **save** our agency about **$39,219** per year if we keep the same contribution strategy while offering a significantly better plan to our employees. With a 0% COLA anticipated over the next 2 years on top of the 0% this year, this will represent a savings to the agency and an outstanding benefit that we can offer our employees which will help in our retention and recruitment efforts.

Historically, our rates have increased by double digit margins. We experienced a rate hike of up to 17% in one year! In order to keep our rate increases minimal, we "shop" for the least expensive plan every year, which causes disruption for our employees especially if their physicians and specialists are not on the new plan we switch to. The state plan caps rate increases to 8% which offers a significant protection and is much lower than increases we have experienced in recent years.

The winners in this scenario are clearly our employees. With our current plan, there are many co-pays and deductibles which the employee must pay out-of-pocket on top of what is deducted from their pay. With the Connecticut Health Care Partnership Plan, we anticipate that our employees will see a significant decrease in out-of-pocket expenses. Two noted examples of this would be:

a. **Prescription Drug Coverage**: Employees under our plan must pay at least $10 for a generic drug, but could pay up to $40 for brand name drugs. Oftentimes there are not generic substitutes. We have employees who take up to 6 prescription drugs per month costing them over $200 (and this is with insurance!). Under the State plan, Brand Name drugs are only $6 and generics $3.

b. **Hospital Co-Pays**: A major premium driver in our marketplace is the Hospital Co-Pay. Our plans have a $500/Day deductible for up to 4 days. It is conceivable that employees will have to pay $2,000 out of pocket if hospitalized (and that's with insurance!). There are no hospital co-pays with state insurance.

As you know, the non-profit workforce is low paid. Many employees work for our agency so that they have the opportunity to obtain Health Insurance. We therefore, want to ensure that we offer the best plan possible. A happy, healthy and motivated workforce translates into better quality in our services. Being able to offer State Insurance plans would help us retain existing employees and recruit new talented people to come into our field, since employees assign such a high value to good and affordable health care.

I recognize that the plans contained in this legislation would not work for every agency, municipality and small business, however it would be a tremendous benefit for our agency and our employees.

For this reason and the reasons I mention in my testimony, I strongly support this legislation to allow the non-profit community access to State Insurance Benefits.

TJS: 03/02/09

Testimony to the Human Services Committee

by Barry M. Simon, Executive Director, Gilead Community Services, Inc.

HB 6582, An Act Establishing the Connecticut Health Care Partnership

March 2, 2009

HB 6582 (Raised) An Act Establishing the Connecticut Healthcare Partnership

Good morning Senator Doyle, Representative Walker and members of the Human Services Committee. My name is Barry Simon and I am the Executive Director of Gilead Community Services and Board Chair of Connecticut Community Providers Association (CCPA). Gilead Community Services is a mental health provider funded by DMHAS and DCF that serves almost 600 individuals throughout Middlesex County. CCPA represents organizations which provide services and supports for children and adults with disabilities and special needs including people with addictions, mental illness, developmental and physical disabilities.

I am here today to commend this committee for raising HB 6582, **Act Establishing the Connecticut Health Care Partnership and for its support of any proposals that would allow community providers to offer high quality health insurance in an affordable manner.** This legislation recognizes community providers as an integral part of the public/private partnership in the Purchase of Service Community healthcare system. As you know, the state pays us to take care of our clients in their community. To help them live as full a life as possible. We provide these services to about 500,000 residents in every town in the state. But unfortunately, at the same time the state asks us to deliver these services, it often fails to give us the funding we need to do so. Our clients need the services we offer in order to live more productive, fulfilling and healthy lives. The services we provide are essential services. If we are unable to deliver on behalf of our clients...then there are significant consequences. After more than 25 years of chronic under funding, any proposal that provides a measure of relief is welcomed. This

CCPA

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legislation presents an opportunity to address part of the critical issue for the community providers: the rising cost of doing business, in particular Health Care costs.

By opening the State employee pool and allowing Community Providers to join voluntarily, there is the possibility we will be able to reduce costs and increase benefits for our employees. In theory this will allow us to take advantage of the increased bargaining power and reduced administrative costs associated with the State plan. The Key for us, as a unionized provider, is that participation will be voluntary and that there is sustained cost containment. If there is true success in keeping health care cost increases to a minimum, including a projected minimal increase for the upcoming fiscal year, then this would be very helpful to providing relief to our already overstretched budgets.

As you know, there was no COLA increase in FY09. The current budget proposes flat funding in FY10 and FY11. Three years of no increase for any state funded community provider contracts, coupled with decades of inadequate COLAs, simply does not address our ever increasing operating costs and has forced providers to reduce services. As healthcare providers our costs continue to rise with inflation. Over the past 20 years the Medical CPI has increased 197% while the state has increased its payments 33% (avg. 1.1% per year, see attached). As a business this is unsustainable; our agency costs have increased dramatically as we maintain 14 buildings, honor an 1199 union contract, pay for fuel, malpractice, workers comp and finally Health insurance which have increased 42%, 18% and 23% respectively this past year alone.

As an agency:

- We have changed health insurance packages 3 of the last 5 years.
- Our premiums have increased nearly 50% during that same time.
- Our co-pays have increased.
- As an Agency we spend more than $75,000 per month on Healthcare in MEHIP.

The Annual premium costs are comparable to what we are currently paying in MEHIP. I encourage you to look at ways that all community providers could afford to enter into this program. I challenge you to look creatively and go further to support the foundational community-based services and the preventative role that we play in order to create a sustainable system. You know that funding issues create staffing issues. You know that when those with

mental illness do not receive proper treatment they are likely to end up in emergency rooms, prisons or more expensive and less appropriate residential settings like nursing homes, thus costing the State even more money. Community Providers are part of the solution for the future of the service delivery system and preserving the investment made in quality, cost effective, community care.

Please help the Community service providers in your community succeed by passing HB 5536 and by supporting legislation that allows community providers to offer quality affordable health insurance to our very hard working staff.

I thank you for your time and would be happy to answer any questions.

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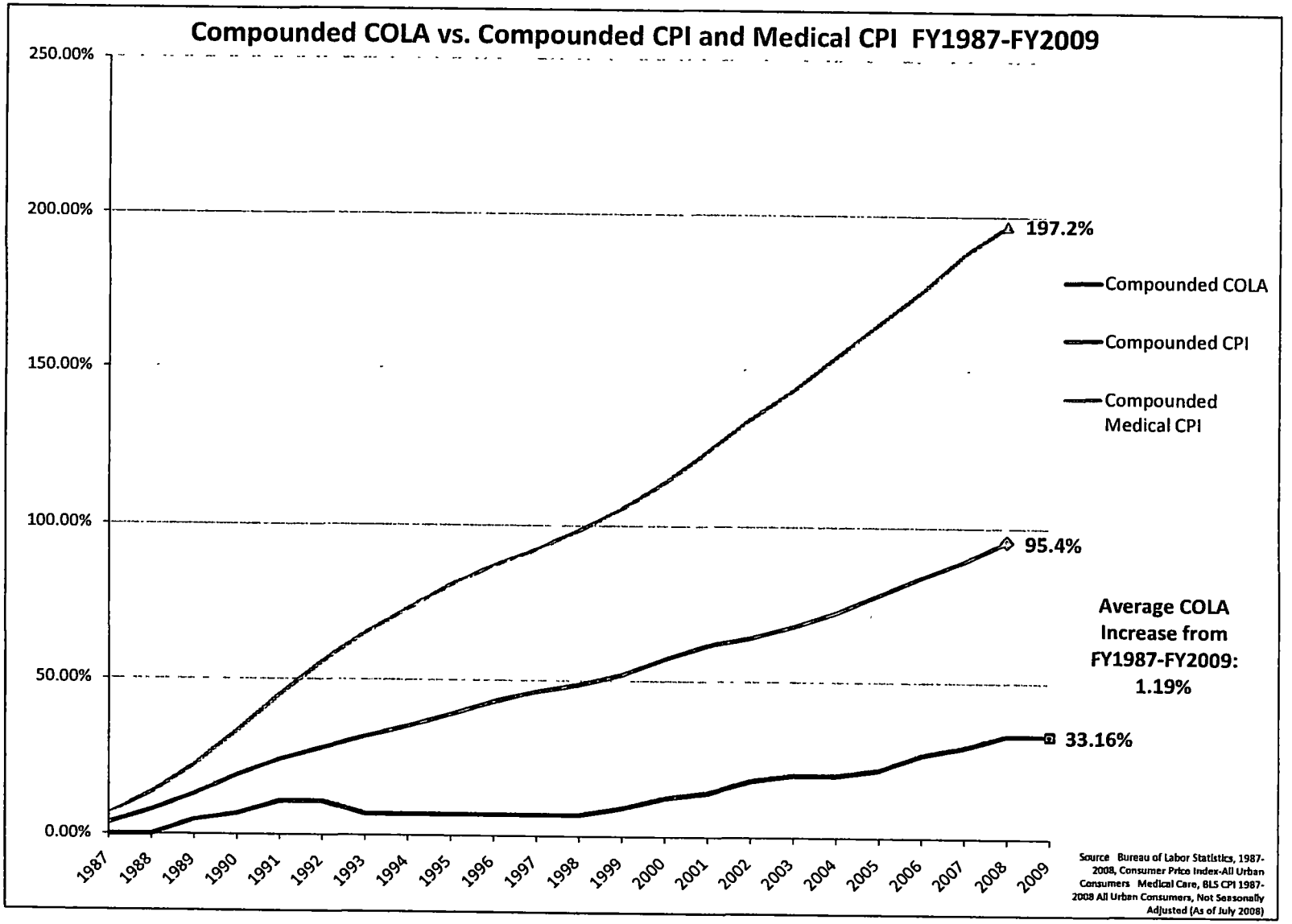
Caring for Connecticut



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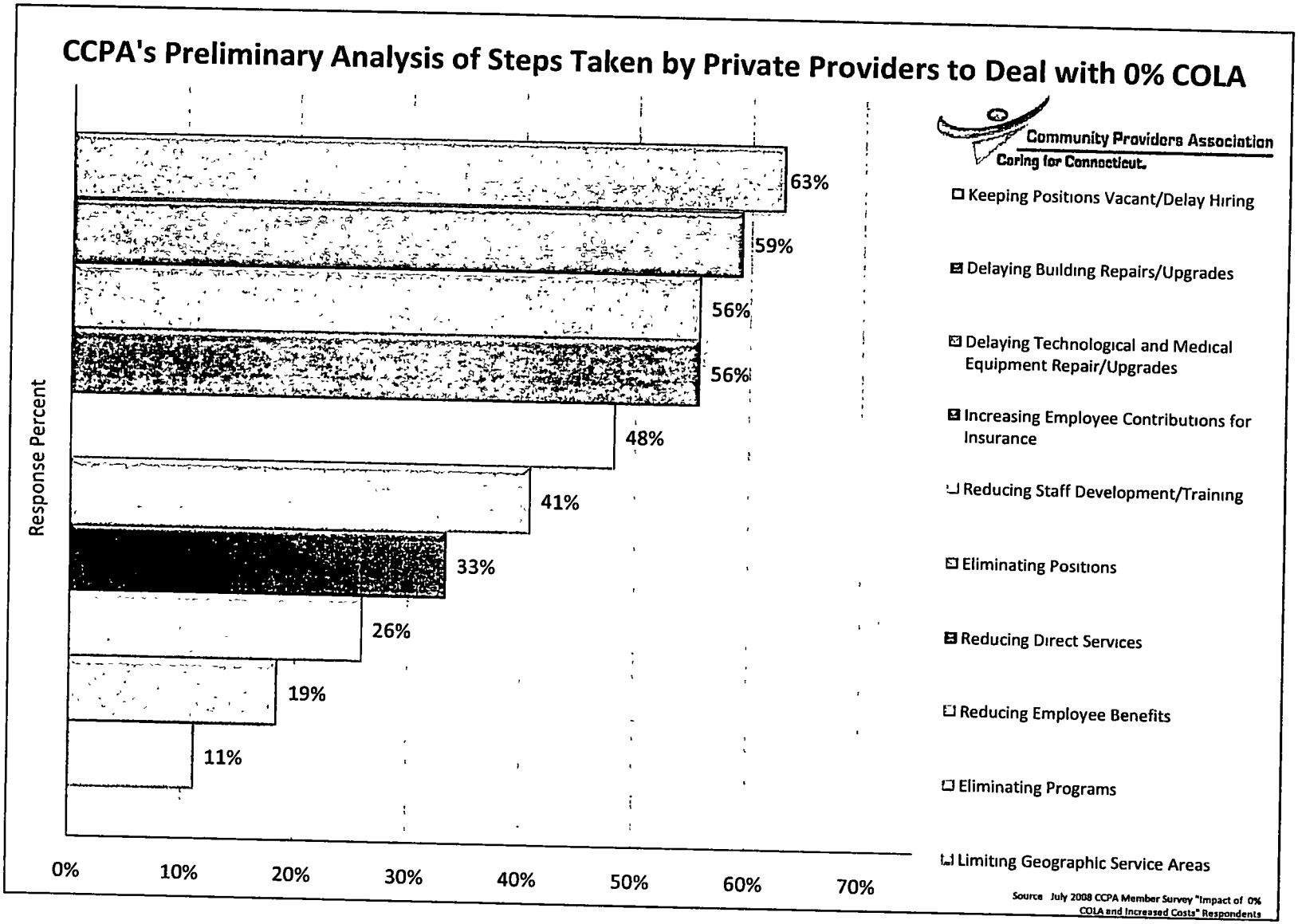

Connecticut Community Providers Association, 35 Cold Springs Rd, Suite 522, Rocky Hill, CT 06067 (860) 257-7909 www.ccpa-inc.org

Health Care Partnership Testimony: 3/2/09

HB6582

My name is Sal Luciano and I am the Executive Director of Council 4 AFSCME.

Opening up a State Health Care pool is not a new concept at all. Half of the other states in this country have already done it.

In Connecticut, small businesses support it, the conservative Heritage Foundation heralds it, Labor leaders push for it, Consumer advocates recommend it, and so does David Osborne, the consultant Gov. Rell invited to speak to legislators last month. Mr. Osborne is also the author of The Price of Government.

Government controlled spending on health care, for state employees, municipal employees, Medicaid and Medicare is about 25% of all health care spending. Opening the pool, would significantly help to control the significant municipal cost component.

State employees are not young. They average close to 50 years old.

state employees are not healthy. 20% work as Correction Officers in the prisons and jails in one of the lowest mortality jobs in this country: actuaries put their mortality rate at 58 years. But despite the fact that state employees are neither young nor healthy, we have been able to get lower costs for health insurance and more importantly, keep them lower. The over arching reason for our success is size.

The benefits of a large pool is not academic musing; it is not theoretical. The actual rates for a single for the POE and POS plans were $4,600 and $5,800 respectively. For family coverage, for the POE and POS plans were $15,000 and $15,800 respectively. These were rates were the same in 2007 and 2008 because the premium costs for state employees went up *zero percent* last year. Compare that to many municipalities that pay more than $8,000 for individual coverage and more than $20,000 – and frequently much more – for family coverage.

It is no coincidence opening the state plan is a main building block in the recommendations of the Health First Authority and the Sustinet plan, which we support. Health Care for all is more important now than it has ever been. While employer sponsored health care was and remains a cornerstone for providing health insurance, the present crisis shows how tenuous that coverage is.

State of Connecticut
HOUSE OF REPRESENTATIVES

Christopher G. Donovan
Speaker of the House

Testimony of Speaker of the House Christopher G. Donovan
To the Insurance and Real Estate, Human Services and Public Health Committees
In support of House Bill 6582:
An Act Establishing the Connecticut Healthcare Partnership
March 2, 2009

Good morning Representative Fontana, Senator Crisco, Representative Walker, Senator Doyle, Representative Ritter, Senator Harris, and members of the Insurance and Real Estate, Human Services and Public Health Committees. Thank you all for coming together today for this joint hearing on many important healthcare proposals.

I appreciate the opportunity to express my strong support for House Bill 6582, *An Act Establishing the Connecticut Healthcare Partnership.* As you will recall, it passed both the House and the Senate last year, but was vetoed by the Governor. Many of you voted in favor of it and some of you even hosted me in your communities as I traveled the state promoting this proposal. Time and again I was met with enthusiasm and support by municipal officials, union leaders, small business owners and non-profit organizations—and that was before we felt the full impact of the economic downturn. Our state has experienced many changes in the past year, and I would argue that the need for this legislation has grown.

HB 6582 would open the state employee health plan to municipalities, non-profits and small employers on a completely voluntary basis. This proposal would streamline our healthcare system and provide financial relief to local governments, non-profits and small employers. These groups would be able to take advantage of the increased bargaining power and reduced administrative costs associated with the State plan, as well as the comprehensive benefits that state employees currently receive.

Recent proposals to create healthcare purchasing pools have generated significant attention. David Osborne, expert in budgeting and improving government performance, argues that because governments are such large players in the healthcare marketplace, they can get better care at better prices by creating large statewide healthcare purchasing pools and including both public and private employers. When health insurers compete for this market, the result is affordable high quality care.

The state employee health plan has been providing good benefits to our employees, while keeping cost increases to a minimum. In fact, while many employers struggle under substantially higher premiums each year, the annual premium costs for the various medical and dental plans from which state employees can choose dropped an average of 16% in the last year.

Making these benefits available to non-state employees will stimulate our economy by allowing employers to stretch their dollars further, prevent layoffs and eventually attract talented people and grow their businesses. This would doubly assist the many non-profit providers the state depends on for health and human services, which have gone without adequate cost of living rate increases for several years.

OFA Memorandum

Memo to: Laura Jordan
From: Spencer Cain
Date: February 11, 2009
Subject: Cost Analysis of Self Insuring the State's Health Care Plan HB6582

You have asked what would be the savings to state if the employee health plan was fully self-insured as compared to our current plan, which is a negotiated fully insured plan.

The cost of health plans includes loss costs related to payments made on behalf of clients to health care providers and the cost of administering the plan. Loss costs for state employees and retirees are generally in the range of 80 percent of the premium paid to health plans but can vary from year to year based upon the health experience of the pool of covered lives. In addition, the cost of administration includes the processing of claims, establishing provider networks, negotiating provider payments, and providing utilization review and disease management services. Private health insurers are also required to maintain minimum reserve requirements based upon Connecticut insurance law.

To the extent that the State of Connecticut can provide these services at a cost less than private health plans, savings could be achieved. However, at this point in time the state does not have the infrastructure to process claims, nor has it established provider networks or negotiated rates with specific health care providers. The state would not be required by law to provide for reserves to cover claims. It is likely that the state would contract with a third party administrator to provide those services that the state would be unable to provide through its own staff.

If the state moved to self-insurance it would pay for claims on an incurred and reported basis. When an entity moves from fully-insured plans to a self-insured mechanism, the premiums paid to a health insurer cease and the claims would instead be paid through a self insurance pool, which would be appropriated by the legislature. Due to the fact that there is a lag in the payment of health care claim from the time they are incurred until the time they are reported to the self-insurance pool administrator, there is a potential short term one-time savings. Health claims from providers general take 30 to 60 days to be paid depending upon the amount of time it takes the provider to submit a claim and the amount of time it takes the self-insurance administrator to pay those claims.

Currently, the comptroller pays approximately $72.5 million in health care premiums a month for active and retired state employees. The lag in claims incurred and not paid will result in a significant savings in the first two months of the transition. The savings would be the difference between paying $145 million to a health plan for two months of

Connecticut Insurance and Financial Services Cluster

Aetna
AXA-Equitable
ConnectiCare
Department of Economic & Community Development
GlobeOp Financial
The Hartford Financial Services Group
Hartford Steam Boiler Inspection & Insurance Company/AIG
ING Group
InSource, LLC
Insurity
KPMG
MassMutual Financial Group
MetLife
MetroHartford Alliance
NewAlliance Bank
Northeast Utilities
People's United Bank
The Phoenix Companies
PricewaterhouseCoopers
Prudential
Savings Bank Life Insurance
Sovereign Bank
Sun Life Financial
TD Banknorth
Travelers Companies
UBS Wealth Management
UnitedHealth Group
United Illuminating
Webster Bank
XL Insurance

Statement on Behalf of

Connecticut's Insurance and Financial Services Cluster

Regarding the Opposition of

House Bill 6600: AAC The Establishment of the SustiNet Plan
House Bill 6582: AA Establishing the Connecticut Health Partnership

Public Health; Insurance & Real Estate and Human Services Committees

Joint Hearing: March 2, 2009

A healthy Connecticut population is smart business. No one will argue that Connecticut's economic health is tied to the wellness of its citizens. Our vitality is our ability to sustain business, to grow current and future workforce, and to compete in the global marketplace.

Like many other states; however, we grapple with an outdated health care delivery system. We recognize the need to provide health coverage choices for all residents We know that preventive and wellness care are paramount to sustainable health. We need to keep coverage affordable.

Connecticut has a strong foundation in healthcare. Connecticut's health plans are second highest ranked in the U.S. for quality, access and customer satisfaction (US News/NCQA). We also have the 3rd highest percentage of employer provided insurance in America (Kaiser Foundation). There have been multiple healthcare reform proposals developed for Connecticut within the last two and a half years These proposals are generally sound in their intent, but have fundamental weaknesses. To adopt *any* in their *entirety* would be detrimental to the health of our state.

For example, one component to the SustiNet Plan [HB 6600] is a type of pay or pay system requiring employers and employees to either pay into the system or suffer fiscal and public penalties. An effective, enforceable individual mandate may be a better solution. The Plan also calls for the creation of the 'SustiNet Authority'. As we stand amidst a fiscal budget crisis, is this really the time to create another state bureaucracy? Additionally this bureaucracy would not have to comply with Connecticut protective health insurance laws. Consistent regulation is an effective means of protecting the consumer.

Similarly, a recommendation of The Connecticut Health Partnership [HB 6582] suggests expansion of the state's insurance health plan to non-state public employers, municipal-related employers, and small employers. The state's plan is already too rich and expensive. If we really want to increase access to affordable healthcare, than this is the wrong strategy

In comparison, The HealthFirst Connecticut Authority recently voted out its own report last week. While there was a lack of financial data to accompany the

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report, an ambiguous reference to "pooling" and lack of clarity around a few key concepts, the report did include several meaningful recommendations for your consideration:

- Increased use of electronic medical records
- Promoting greater transparency in health care data collection and dissemination
- Promoting wellness, prevention and chronic disease management, and
- Incorporating value-based designs into both public and private plans

Elements of the Connecticut Healthy Steps Program also make sense:

- A focus on building healthy lifestyles
- Formalizing the utilization of tax credits as employer incentives
- A study on the impact of mandates on private employer's premiums
- A study to define eligibility for individual mandates

The Connecticut IFS Cluster understands that *today* we need to make a decision on Connecticut's healthcare reform. We agree to focus on a solution that meets the demands and needs of both our state residents and employers. We recognize that economic wealth and resident health go hand in hand. Given these facts, HB 6600 and HB 6582 cannot be supported. We urge you to reject the bills as written.

Thank you.

Susan C.Winkler
Executive Director
Connecticut Insurance & Financial Services Cluster

31 Pratt Street
Hartford, Connecticut 06103
860-728-2271

STATEMENT REGARDING
House Bill 6582: *AA Establishing the Connecticut Healthcare Partnership*
House Bill 6600: *AAC the Establishment of the SustiNet Plan*

Public Health, Insurance & Real Estate and Human Services Committees
March 2nd, 2009

The MetroHartford Alliance is Hartford's Chamber of Commerce and the region's economic development leader. Our investors include businesses of all sizes, health care providers, institutions of higher education, and 34 municipalities. The Alliance's mission is to ensure that the Hartford Region competes aggressively and successfully for jobs, talent and capital so that it thrives as one of the nation's premier places for all people to live, work, play, and raise a family.

We write today in strong opposition to House Bill 6582 and House Bill 6600. Our investors believe it is important to focus on market-based solutions and engage in public-private partnerships to reach our goal of improving the current health care system, which covers over 90% of Connecticut's residents, among the highest percentages in the country. To this point, we supported and participated on the Connecticut Health Insurance Policy Council (CHIP) in 2007, a non-profit entity which focused on controlling health care costs and expanding access to quality health care—recommendations that the Alliance endorses.

The CHIP recommendations focused on encouraging individuals to take personal responsibility for their wellness, make appropriate use of the state's robust health care system, and participate in one of Connecticut's existing health insurance plans. The CHIP report specifically emphasized the need to:

- reduce the number of existing mandates and allow greater efficiencies in product development and approvals at the department level to create flexible benefit options, and improve access to affordable care;
- promote healthy lifestyles with employer-sponsored wellness programs and greater emphasis on prevention overall;
- increase Medicaid reimbursement rates to hospitals, which are receiving only 73 cents on every dollar of care to Medicaid patients, forcing overall health care costs to rise;

- use e-medical records, electronic information exchanges and telemedicine more efficiently to improve patient safety, expedite treatments and reduce redundant care, ultimately reducing costs; and
- provide more quality data to consumers to help them make more informed health care choices.

This past year, health care reform was once again the subject of considerable deliberation by the members of a new entity, the HealthFirst Connecticut Authority. The Authority voted out their report last week, and, while we have concerns with the lack of fiscal impact and clarity around a few key concepts, the report included several meaningful recommendations that were consistent with the CHIP report such as:

- increased use of e-medical records;
- promoting greater transparency in health care data collection and dissemination;
- promoting wellness, prevention and chronic disease management; and
- incorporating value-based designs into both public and private plans.

Given the constructive and comprehensive set of recommendations set forth in the CHIP and Authority reports, it is not necessary to create yet another bureaucracy to sell insurance, as House Bill 6600 suggests, nor does it make sense to expand the state's very expensive and rich health plan, as suggested in House Bill 6582. Expanding an already too expensive plan or creating an entirely new government entity when we can't afford the government we have would actually increase the cost of health care, which is the opposite goal we are intending in the quest for affordable, quality care. Additionally, the SustiNet proposal establishes a bureaucracy that would sell self-insurance plans without being required to comply with many of Connecticut's protective health insurance laws. It is critical to retain the integrity of consistent regulatory oversight in order to protect the consumer.

More importantly, we have before us the opportunity to implement some of the CHIP and Authority recommendations, a step that should be pursued deliberately and aggressively before we create another layer of bureaucracy or expand the state employee plan that is proven to be too expensive. Each of the recommendations mentioned above has the potential to actually improve quality by avoiding errors and helping people make more informed decisions about their care based on real data, and to reduce the overall cost of health care, which would enable more people to have affordable access to health insurance coverage.

Additionally, the President and Congress are very much committed to pursuing federal health care reform. In fact, included in the stimulus package was $19 billion in funding to convert medical records to electronic forms, and $1.1 billion for research comparing which treatments work best for specific diseases. Given our state's current fiscal climate, these recommendations might have been

otherwise unattainable at this time. It is important that we seize the momentum coming from Washington and take advantage of any and all federal assistance to make health care more affordable. It is equally important that we continue to have an active voice at the federal level with regards to reform, without recreating the wheel or preempting any possible federal reform with expensive state legislation.

It is vital to the state's fiscal health and the health of all of our residents that the public and private sector work together to strengthen our current system by identifying and pursuing practical and economically feasible market-based solutions to expand access, improve quality and increase affordability. The blueprints already exist, and it is time to begin implementing these recommendations. If we are to foster long-term prosperity for all of Connecticut's citizens, we must ensure that our insurance and health care economic engines remain resilient and strong in the competitive climate of a global marketplace.

Thank you for your support.

Secretary of the State Susan Bysiewicz
Testimony
Joint Public Hearing on Health Care ReformLegislation, March 2, 2009

Good Morning distinguished Co-chairs and members of the Public Health, Insurance and Real Estate, and Human Services Committees. I am happy to see both familiar and new faces at this public hearing.

For the record, my name is Susan Bysiewicz, and I am the Secretary of the State.

Thank you for giving me the opportunity to testify before you today regarding access to affordable and quality health care for all Connecticut citizens; containment of health care costs; and allowing small businesses, municipalities and nonprofits to achieve savings in their health care costs through health care coverage pooling.

Given the current economic crisis and the escalating costs of health care, I applaud the Legislature for addressing these challenging but important issues.

I am here today to offer testimony in support of H.B. 6582 - *An Act Concerning Expanded Access to the State Employees' Health Insurance Plan* and H.B. 6600 – *An Act Concerning the Establishment of the SustiNet Plan.*

H.B. 6582 would authorize the Comptroller to begin converting insurance plans under subsection (a) of section 5-259 of the general statutes to self-insured plans, to allow non-state public employers, municipal-related employers, small business employers, and nonprofit employers to join such self-insured plans and to make conforming changes.

As most of you know, last year I joined State House Speaker Donovan in promoting the Connecticut Health Care Partnership Initiative throughout the state.

That initiative would have allowed municipalities, small businesses and nonprofit organizations to utilize the state employees' health insurance plan in order to empower them to bargain for lower premiums and copayments for their insured.

This legislation could have saved municipalities alone millions of dollars in reduced health care costs:

New Haven – over $8.6 million
Danbury – over $2.8 million
Meriden – over $1.9 million
Towns like East Hartford and Groton – over $1.1 million
Towns like New Britain and Windham – over $800,000

We traveled across Connecticut conducting roundtables for small business owners, elected officials, and not-for-profit organizations. We received enthusiastic support and positive reactions from various groups including, municipal representatives, union members, small business owners, doctors, and elected officials.

That measure was passed by the legislature only to be vetoed by Governor Rell.

I want to bring to the Committee's attention the need to address the lack of affordable health insurance coverage for small businesses and their employees.

As many of you may already know, as Secretary of the State of Connecticut, I also serve as the state's Chief Business Registrar.

Since 1999, I have worked to protect and enhance the state's small and minority business population, recognizing the fact that for the past 10 years, 96 percent of new job growth in Connecticut has been spurred by businesses of 50 or fewer employees.

Indeed, small businesses are responsible for creating more than 90% of all new jobs in Connecticut, yet with skyrocketing health costs, more than half of the state's uninsured population – about 180,000 people – are employees of small businesses.

Both the Universal Health Care Foundation of Connecticut and the Health Insurance Policy Council agree that the lack of affordable health insurance for small business owners is a priority that needs to be addressed.

The Health Insurance Policy Council in its 2007 report "A Framework for Health Care Reform for Connecticut" cites that **52.2% of uninsured workers and dependents are in firms with less than 50 employees**.

In a survey entitled "Small Business Health Care Network Survey 2006" released by the Universal Health Care Foundation of Connecticut, 95% of Connecticut small business leaders stated that providing health care coverage is an important issue. More than half (52%) named it one of their top business challenges.

More importantly, the survey found that the lack of affordability prevented firms from offering Employer Sponsored Health Insurance (ESI) and that the cost will need to decrease for them to offer ESI in the future. The survey also found that:

Most firms (78.0 percent) that did not offer ESI cited the inability of the business to afford the cost of coverage and more than one-third (39.0 percent) cited the inability of the employees to afford coverage.

The majority of firms (61.5 percent) that did not offer ESI indicated they wanted to provide coverage in the future.

Most small business owners (80.4 percent) believe that all persons in the United States should have access to health care, regardless of their ability to pay.

I have also consistently heard from small business owners through my Small Business Roundtables and Small and Minority Business Showcases that they can no longer afford to provide health insurance coverage to their employees, and that the various programs to assist small business owners with affordable health insurance are too costly and out of their reach.

It is no secret that, in this time of economic crisis and uncertainty, small businesses are struggling with higher energy and other costs and a constrained credit market.

Because of this and high health care costs, many small business employers have been forced to cut back on coverage, eliminate coverage all together, or simply go out of business.

Indeed, in 2008, some 13,456 businesses filed paperwork to dissolve their company, the highest such annual figure since these numbers were first recorded in 2000. This represents an 18% increase in business stops over the 2007 figure, which is the highest year-to-year increase in business closings on record.

The numbers also reveal that Connecticut saw 27,483 new business starts in 2008, which is the 2nd lowest annual figure on record. Only 2003, a post-recession year, saw fewer new business starts. The 2008 figure represents an 11% decrease in new business start-ups as compared with 2007, which is the highest year-to-year decline in business starts ever recorded.

The consequences to our state—lost jobs, loss of income, home foreclosures, loss in tax revenue, and increased unemployment and other expenses to the state—are quite dramatic and evident.

State employee health pool expansion is not a new concept. As many as 24 other states allow local government employees to participate in their State employee plan, including Massachusetts, which opened its State employee plan last year.

By allowing municipalities, small businesses, and non-profits to voluntarily join the state employees' health insurance plan, H.B. 6582 would create a large pool of more than 200,000 people that would put Connecticut in a strong bargaining position when negotiating rates with the major health insurance providers.
Some have expressed concerns about the potential for the insurance providers to increase costs. That is why establishing a Non-state Public Health Care Advisory Committee is so essential.

Municipal employee representatives and others in that committee would be able to advise the Costs Containment Committee on changes in benefit coverage and other bargaining issues pertaining to non-state public employees.

The Cost Containment Committee has been successful in keeping health care cost increases to a minimum in the past.

Making quality health care affordable and accessible is good for Connecticut's economy and is good for taxpayers. I therefore strongly support this legislation.

Lastly, I want to express my support of H.B. 6600 – *An Act Concerning the Establishment of the SustiNet Plan.*

The SustiNet Health Care Plan being proposed by the Universal Health Care Foundation of Connecticut offers Connecticut an innovative vision and plan to accomplish five major goals for our state:

(1) providing access to high quality health care coverage to most Connecticut residents;

(2) establishing cost-control practices and mechanisms so that health care is affordable and sustainable for individuals, families, and businesses;

(3) promoting preventive approaches to reduce illness complications and minimize expensive medical intervention;

(4) addressing racial and ethnic disparities in health care and health outcomes; and

(5) positioning Connecticut strategically to tap into future federal funding for health care reform such as the proposed $634 billion Health Care Reserve Fund.

The Foundation's presentation at last Thursday's forum on health care reform provided great insight into ways in which our state can accomplish both: health care for the vast majority of its citizens and cost containment through measures such as electronic medical records and preventive health practices.

Two of the highlights of this plan are the creation of a "medical home" for Connecticut patients and a medical team approach that includes facilitating access to electronic medical records of patients. This plan offers an incentive for adopting electronic medical records as an integral part of health care reform.

An attractive aspect of this legislation is that it seeks to establish SustiNet in a competitive environment that may, in the end, encourage all insurers and medical providers to follow best practices for effective and more efficient health care management and service delivery.

Like all major initiatives, this one would entail a significant investment by state government—over $900 million dollars.

But long-term savings achieved through the creation of a more cost-efficient health insurance infrastructure and system in our state would make this investment worthwhile. In addition, such investment would allow us to attract federal funding for these health care reform initiatives.

Thank you again for the opportunity to testify before your Committee, and I'll be glad to answer any questions that you may have.

February 28, 2009

Sen. Joseph Crisco
Co-chair, Insurance and Real Estate Committee

Rep. Steve Fontana
Co-Chair, Insurance and Real Estate Committee

Dear Sen. Crisco, Rep. Fontana and Members of the Insurance and Real Estate Committee:

I am writing to ask you to support two critically important health care bills HB 6582, an act establishing the Connecticut Health Care Partnership, and HB 6600, the Sustinet health insurance plan.

I have been an optimist all my life, believing that I'll come out on the other side of a difficult time in a better place. I have seen a lot of ups and downs in the economy and for the first time, I am really scared, and here's why.

Health care and the economy are intricately intertwined with each other. Over the past year, the small company my husband works for has been cutting back: no pay raises, dropped dental insurance, cut pay and layed off staff, increased health insurance premiums 17%, then ran out of cash and had layoffs again while trying frantically to raise capital to keep the business going. This time my husband lost his job.

My husband is the bread winner and I have been the primary care giver for our two young boys. I have gone from working one, to three part time jobs, with no benefits, to bring income in. I have no idea how we will afford our regular bills plus the huge increase in health insurance. We have worked hard, saved money, he had a good job and good health insurance. Everything can change so fast.

These times are nothing like we have ever seen. We need courageous leaders who are willing to take bold steps to boost the economy, provide more affordable quality health care that saves money in the end for everyone, and helps the residents of Connecticut build themselves up again.

I urge you to support HB6582 as the first step in health care reform and support HB6600 for the comprehensive reform needed to help families and small businesses get back on their feet.

Respectfully,

Joan F. Goodman
8 Windy Way
Meriden CT 06450
203.630.3541

Marissa Cardona
85 Walt Drive
Meriden, CT 06450
203-815-5680

February 27, 2009

Dear Sen. Crisco, Rep. Fontana and Members of the Insurance and Real Estate Committee:

I strongly support both **HB 6582**, an act establishing the Connecticut Health Care Partnership and **HB 6600**, the Sustinet health plan that would be comprehensive health care reform. This plan would be universal, covering everyone in Connecticut and it would provide high quality health care coverage which is a human right.

Having worked closely with people who are underinsured and uninsured, I have witnessed firsthand how challenging it is for families to receive quality care. I constantly advocate for people and families who did not receive high quality care based on the type of health insurance card they are holding. There are many challenges that families face when in that situation. They are not able to receive timely preventative care and due to the overwhelming amount of patients, visits are rushed not giving much time to focus on prevention and education which is important. This also results in many inconsistencies with medical records which results in poor quality care and patients being misdiagnosed.

Working as a Community Organizer for the healthcare4every1 Campaign has truly made me realize that our health care system is broken and time and time again, people are faced with the decision of having to choose between their health and providing the basic needs to their families such as food, shelter. In many cases, choosing the basic needs to provide for the family over health has resulted in death.

While other countries have declared health care to be a basic right, the United States treats health care as a privilege, only available to those that can afford it. Healthcare in America is treated like an economic good; not as a social or public good.

It's time for a change and Connecticut needs to be an exemplar.
HB 6582 would allow non-state public employers, municipal-related employers, small employers and nonprofit employers to join self-insured plans. This would result in significant savings for a number of these stakeholders.
HB 6600 - the Sustinet health care plan would allow thousands of families to have the right to quality health. Sustinet is a new proposal to make sure everyone in Connecticut has high quality, affordable health care regardless of pre-existing conditions, job changes, self-employment, divorce and other life changes. It offers a comprehensive benefits

package that includes dental and mental health coverage. People can choose their own doctors, and have the option of keeping their existing health plans.

Although we are facing challenging times in the United States, we need to prioritize health care because the price of not having health care would far exceed the price of having it. We all deserve quality health care, right?

We truly hope that you can focus on this important issue.

Sincerely,
Marissa Cardona

Marissa Cardona
Community Organizer
Universal Healthcare Foundation
Meriden Children First Initiative

February 28, 2009

Sen. Joseph Crisco
Co-chair, Insurance and Real Estate Committee

Rep. Steve Fontana
Co-Chair, Insurance and Real Estate Committee

Dear Sen. Crisco, Rep. Fontana and Members of the Insurance and Real Estate Committee:

We are writing in support of purposed bills **HB 6582** (an act establishing the CT Health Care Partnership and **HB 6600** (the Sustinet Health Insurance Plan).

Our support is *necessary*, in our view, because healthcare is one of the most important issues before every person especially at this time. No matter what a person's status, class, race, ethnicity, gender, etc.; good health is not a guarantee during your lifespan. We are bombarded with all types of health issues and they continue to grow. (I can attest to this situation because my husband is living this nightmare each day). We are all at the mercy of the medical community for a cure of whatever our illness may be. The problem is that everyone cannot afford the plans that are available now. Not only is affordability an issue, *mediocre healthcare* is not good enough! Everyone should receive the very best health care available!

It is apparent to us that if any proposal is put forth to become law and it assures us that its goal is ***affordable healthcare for everyone***, we will then support it. Although we are lay persons trying to understand and interpret the language (law) of the proposed bills, it seems that these bills – HB 6582 and HB 6600- are bringing forth the issue of affordable healthcare for everyone at a lesser cost and better quality; in PARTNERSHIP. That seems to be a great idea.

Sincerely,

Earl and Velma Estes

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203.639.8134
Emails – velmae@cox.net
-earle426@cox.net

Natalia Perez
113 Willis Avenue
Meriden, CT 06450
203-237-3199
February 28, 2009

Dear Sen. Crisco, Rep. Fontana and Members of the Insurance and Real Estate Committee:

We need you to stand for your constituents that would benefit from the following bills: **HB 6582**, and **HB 6600**, the Sustinet health plan, a comprehensive health care reform. I had a great health care plan for over 30 years where I was fortunate enough to have a full time job with benefits. Three years ago I was diagnosed with spinal stenois, thyroid disease and severe arthritis. My Doctor was shocked to know that I was working under these conditions and immediately told me that I could not go back to work because my condition will continue to worsen.

My Doctor was right, I am feeling worse and most of the time struggle getting out of bed due to the severe pain I am feeling. I have 4 lovely grandchildren and can't enjoy them as much as I would like because I can't pick them up due to the strong back pains I constantly have. I have applied for Social Security 4 yimes and have been denied and at times regret having seen my Doctor because now I am uninsured for the first time in my life and cannot afford the necessary prescriptions to take away the constant pain I feel. I reschedule Doctor's appointments because I cannot afford to pay my copays and also struggle to pay my bills and buy groceries.

It's very challenging for me to see that I worked hard to provide for my family and to give my children a college education . I worked hard to live the American Dream and at the age of 58 where I should be thinking about how to plan my golden years, I have to make difficult decisions such as; should I pay my bills first or buy my needed prescriptions?
I urge you to think of the hard working families who are most affected in our state. Please think of our state motto "He who transplants, sustains." We need to implement a plan in Connecticut to cover everyone.

Sincerely,
Natalia Perez

Natalie Gill
245 East Woodland Street
Meriden, CT 06450
203-440-9544

February 28, 2009

Dear Sen. Crisco, Rep. Fontana and Members of the Insurance and Real Estate Committee:

Please support HB 6582, an act establishing the Connecticut Health Care Partnership and HB 6600, the Sustinet health plan that would provide quality, affordable health care to everyone in Connecticut.

HB 6582 would open up opportunites to the underinsured. The Sustinet health care plan HB 6600 is one that I truly support. I work with the underinsured and uninsured through the WIC program and see the many challenges that families and children face when in this situation.

I talk to many of my clients whom are families who express their frustration with our health care system and have to wait months for their babies, toddlers, and or children to be seen by a Doctor due to the overwhelming waiting lists. There are cases where due to not being able to be seen by a physician, these families have to go to the Emergency Rooms and of course it is very expensive to pay their bills when put in that situation. Most of these children are not receiving timely preventative care and cannot receive quality dental care because there are only a few Dentists that will accept Husky. These patients can not receive the timely, preventative care they deserve.

The medical home component of Sustinet would be beneficial and a crucial component in fixing Connecticut's broken health care system. Please put yourselves in the shoes of these children and families and always remember that anyone can lose their health care plan at any given moment. Please support these bills and make sure that everyone is treated equally and not solely on the type of health care plan they currently have.

Sincerely,

Natalie Gill

February 27, 2009

Sen. Joseph Crisco
Co-chair, Insurance and Real Estate Committee

Rep. Steve Fontana
Co-Chair, Insurance and Real Estate Committee

Dear Sen. Crisco, Rep. Fontana and Members of the Insurance and Real Estate Committee:

I am writing in support of two important bills that you will soon consider. One is HB 6582, an act establishing the Connecticut Health Care Partnership. The other is HB 6600, the Sustinet health insurance plan.

Even though the economy has hit all of us hard, Connecticut remains one of the richest states in the country. And as home to the insurance industry, it stands to reason that we should have one of the best health-care systems in the America. But we don't. With your leadership, we can do better.

HB 6582 would allow non-state public employers, municipal-related employers, small employers and nonprofit employers to join self-insured plans. This would result in important savings for these groups and increase overall transparency.

I also hope you will support **HB 6600**, the Sustinet health insurance plan. Your support of both HB 6582 and HB 6600 would put Connecticut at the top of the heap as a national leader in quality and affordable health care coverage.

Thank you for your consideration and support of these two vitally important pieces of legislation.

Sincerely,

Chaucey Perreault

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Meriden, CT 06450

203-639-8491

Meriden Children First
203-630-3566 / 203-630-2423 (fax)
105 Miller Street
Meriden, CT 06450

Meriden
Children First

February 27, 2009

Sen. Joseph Crisco
Co-chair, Insurance and Real Estate Committee

Rep. Steve Fontana
Co-Chair, Insurance and Real Estate Committee

Dear Sen. Crisco, Rep. Fontana and Members of the Insurance and Real Estate Committee:

I am writing in enthusiastic support of both HB 6582, an act establishing the Connecticut Health Care Partnership, and HB 6600, the Sustinet health insurance plan.

Health insurance costs are skyrocketing. And with each passing day, more and more people in Connecticut are losing health insurance coverage for themselves and their families. Our current system of health care is broken, and we urge you to act now, and to act boldly

HB 6582 would allow non-state public employers, municipal-related employers, small employers and nonprofit employers to join self-insured plans. This would result in significant savings for a number of these stakeholders.

Passage of 6582 is an important and necessary first-step as part of the comprehensive health system reforms as proposed by **HB 6600**, the Sustinet health insurance plan. This plan is one of the most thoughtfully and thoroughly developed in the country. Your support would put Connecticut as a national leader in health care coverage that is quality, affordable and accessible.

These are difficult times. We look to you for strong leadership on fixing our health care system once and for all. *Your support of both HB 6582 and 6600 will help ensure your legislative legacy and importantly – provide the quality, affordable health care system that we all deserve.*

Sincerely,

David Radcliffe

David Radcliffe
Director
Taxpayer, Husband and Father of Three Young Boys

Meriden Children First
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105 Miller Street
Meriden, CT 06450

THE People's Press

February 27, 2009

Sen. Joseph Crisco
Co-chair, Insurance and Real Estate Committee

Rep. Steve Fontana
Co-Chair, Insurance and Real Estate Committee

Dear Sen. Crisco, Rep. Fontana and Members of the Insurance and Real Estate Committee:

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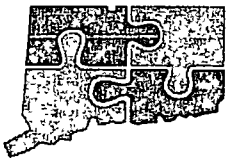
Sincerely,

Andrew P. Reynolds

Andrew P. Reynolds
Owner/Publisher
Taxpayer, Husband and Father of Three Young Children



CONNECTICUT ASSOCIATION of NONPROFITS | *...to serve, strengthen and support Connecticut's nonprofit community.*

Testimony before the Public Health, Human Services, Insurance & Real Estate Committees
3.2.09

In support of HB 6582, AA Establishing the Connecticut Healthcare Partnership
and
HB 6600, AAC the Establishment of the SustiNet Plan

BY RON CRETARO, EXECUTIVE DIRECTOR

Senator Harris, Representative Ritter, Senator Doyle, Rep. Walker, Senator Crisco, Rep.Fontana, members of the committees, my name is Ron Cretaro and I am the Executive Director of Connecticut Association of Nonprofits (CT Nonprofits). We represent 530 nonprofit organizations, 300 of which receive state funding to provide health and human services on its behalf.

HB 6582

CT Nonprofits applauds Speaker Donovan and others for once again taking steps to ensure more comprehensive healthcare coverage in Connecticut. We support the Connecticut Healthcare Partnership, which will open the state employee health insurance pool to nonprofits, municipalities and small businesses. We thank Speaker Donovan for offering this option to nonprofits across the state that continue to struggle with increased healthcare costs.

Nonprofit employers, like many other employers, have been facing years of skyrocketing healthcare prices. Annual percentage rate increases in the double digits leave nonprofit directors struggling to keep costs down for their employees. No funding increases for nonprofits mean that not only can they not give their wage increases to their employees, but when healthcare costs rise, they are forced to pass that increase onto employees in the form of higher cost-sharing and co-pays. Nonprofit employees, who make significantly less than their public-sector counterparts, simply cannot afford these constant increases. It is a matter of sustainability for nonprofits as well as our ability to stay competitive as operating costs increase and income and revenue become more difficult to obtain.

Opening the state employee health insurance plan will allow smaller nonprofits to take advantage of a much larger pool with significantly increased purchasing power. The lower premiums and co-pays associated with this healthcare plan are a welcome option for our state's nonprofit providers. As we indicated last year, the cost of joining the state employee health insurance plan will not be affordable for all nonprofits, but it will certainly be a viable option for some. Again, we thank the Speaker and welcome this additional choice for nonprofit providers.

HB 6600

CT Nonprofits supports the Universal Healthcare Foundation's SustiNet proposal. The Foundation has been the leading force in advocating for quality, affordable healthcare coverage for all Connecticut residents and we commend them for their continued efforts.

With over 300,000 Connecticut residents currently uninsured, our state clearly needs of SustiNet. Overhauling our healthcare system to ensure that it covers everyone and costs are reduced is an economic imperative for our state. As I said before, nonprofit employers, like many other employers, have been facing years of skyrocketing healthcare costs that are growing more and more difficult to sustain. The high cost of healthcare puts all

businesses, including nonprofits at a severe disadvantage and leads to lower wages and fewer jobs. Worse off yet are the thousands of individuals without access to employer sponsored insurance. Many of these people are low- to middle-income individuals and families who are served by our state's nonprofit providers. It is a daily concern for our members that their clients do not have adequate, preventative healthcare coverage.

SustiNet merges state employees and retirees with HUSKY and SAGA participants into a self-insured pool. Others also eligible include: individuals without access to employer sponsored insurances; individuals with employer sponsored insurance that does not provide affordable access to essential care; and employers, including nonprofits, small businesses, and municipalities. SustiNet is a broad health benefits plan that will include essential services such as medical home services, mental health and dental coverage. It will accept all applicants, regardless of pre-existing conditions, as well as subsidize premiums and co-pays based on income. This is comprehensive plan that will bring much needed quality, affordable and sustainable healthcare coverage to Connecticut residents. Although, ideally we would like to see adults enrolled in the Medicaid program for the elderly, blind and disabled, some of our state's most vulnerable residents, be included in coverage under SustiNet.

Both the Connecticut Healthcare Partnership and SustiNet are important steps towards comprehensive healthcare coverage for all Connecticut residents. It is critical for our state to take these steps now; we cannot afford to wait any longer. CT Nonprofits believes that quality, adequate healthcare coverage is a right for all citizens, not just those that can afford it. We urge the Legislature to make these proposals a reality and ensure that Connecticut residents no longer have to go without healthcare coverage.

Thank you for the opportunity to submit testimony. Please do not hesitate to contact me with any questions.

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Permanent Commission on the Status of Women
The State's leading force for women's equality

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Teresa C. Younger

Testimony of
Teresa C. Younger
Executive Director
The Permanent Commission on the Status of Women
Before the
Human Services, Insurance and Real Estate, Public Health Committees
Monday, March 2, 2009

Re:
H.B. 6582, AA Establishing the Connecticut Healthcare Partnership
H.B. 5172, AA Establishing the Connecticut Healthy Steps Program
S.B. 988, AAC Medicaid Funding for SAGA and Charter Oak
H.B. 6600, AAC the Establishment of the Susinet Plan

Senators Doyle, Crisco and Harris and Representatives Walker, Fontana and Ritter and members of the committee, thank you for this opportunity to provide testimony in support of on several healthcare reform bills before you today. I am also testifying on behalf of the Connecticut Women's Health Campaign (CWHC), a broad coalition of organizations committed to and working for the health and well-being of Connecticut women over their lifespan; and the Young Women's Leadership Program (YWLP), which highlights the concerns of women ages 18 to 35.

While the specifics of each bill – House bills 5172, 6582 and 6600, and Senate bill 988 – are all different, they all attempt to expand availability and affordability of health insurance benefits to all Connecticut residents. We support this intent because the increasing numbers of uninsured persons affect all genders, races, and ages.

In 2006, 11% of Connecticut's population aged 25 to 64,[1] and one-third of young adults, ages 19 to 29 were uninsured.[2] As of December 2007, the Kaiser Family Foundation estimated that there

[1] Families USA. *Dying for Coverage*, April 2008
[2] <http //www ct gov/ohca/lib/ohca/common_elements/household06_summary_single_pages_for_pdf pdf>

were over 130,000 uninsured women ages 18-64 in Connecticut.[3]

Lack of health insurance increase the risk of undiagnosed conditions resulting in health disparities and deaths. Uninsured adults are more likely to be diagnosed with a disease in an advanced stage. For example, uninsured women are substantially more likely to be diagnosed with advanced stage breast cancer than women with private insurance.[4]

Lack of health insurance also leads to financial ruin for many families. Almost 8% of working adults in Connecticut spend 20% or more of their income on out-of-pocket medical expenses.[5] Connecticut women have higher out-of-pocket medical expenses than men, and are more vulnerable to medical debt. Fifty-six percent (56%) of medical bankruptcy filers are women.[6]

We request that any plan that is developed address women's special needs and concerns to ensure that we have equal access to health care, which means ensuring that it is:

- Gender appropriate
- Culturally competent
- Comprehensive and preventive; and
- Confidential.

This means that coverage must be both **comprehensive and preventative**. Coverage must include specialty care, mental health and substance abuse treatment, access to prescription medication, vision and oral health care, preventive care, acute and long-term care, rehabilitative care, and reproductive health services, including coverage of family planning, contraceptives, abortion, cancer detection and treatment, prenatal care, and inpatient overnight stays for child-birth and mastectomy when needed.

Consumers must be able to access an array of practitioners, including midwives and nurse-practitioners. Settings should include community and school-based health centers, family planning clinics, and others that provide a safety net to underserved populations, including women and girls. Women must be able to identify a gynecologist or other specialist as their primary care provider if reform builds on a managed care system.

Health care should be responsive to and inclusive of diverse populations and differences among clients. Proposals should strive to eliminate racial and ethnic disparities by design. This would include proactive recruitment of bilingual and multicultural health professionals and improved health data by collecting information gender, race and ethnicity. In particular, this

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[3] <http://www kff org/womenshealth/upload/1613_07 pdf>
[4] Families USA, *Dying for Coverage*, April 2008
[5] State Health Access Data Assistance Center, December 2007
[6] D.U Himmelstein et al., "Illness and Injury as Contributors to Bankruptcy," *Health Affairs*. February 2005.

means that medical interpreters must be provided and paid for as a covered service in order to ensure that those with limited English proficiency are able to communicate effectively with their providers.

Protect the confidentiality of women and girls. Current state statutes protecting the confidentiality of services for all minors, including reproductive and behavioral health care, must be integral to any universal plan. For example, patients with HIV infection, survivors of sexual violence and domestic abuse, and those who seek behavioral health care must be confident that seeking care will not result in disclosure of their health condition.

Health care and insurance must be affordable so that true universality is accomplished. This means that low-income households should be exempt from cost-sharing while higher income households should pay no more than 5% of family income on total health care costs.

We urge you to include these elements in any plan for health care reform. Thank you for your consideration.

CONNECTICUT WOMEN'S HEALTH CAMPAIGN E-News
January 2009

PCSW
Permanent Commission on the Status of Women

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OFFICE OF THE
HEALTHCARE ADVOCATE
STATE OF CONNECTICUT

Testimony of Kevin Lembo, State Healthcare Advocate
Before the Public Health, Insurance and Real Estate and Human Services Committees

***In Support of* HB 6582, SB 1022, SB 1045, SB 1046, SB 1049, SB 1050, SB 819, HB 6600**
***In Partial Support of* HB 5172, SB 988, HB 6417, SB 1048**
***In Opposition to* SB 990, SB 992**

March 2, 2009

Good morning distinguished members of the Public Health, Insurance and Real Estate and Human Services Committees. For the record, my name is Kevin Lembo, and I am the State Healthcare Advocate. The Office of the Healthcare Advocate ("OHA") is an independent state agency with a three-fold mission: assuring managed care consumers have access to medically necessary healthcare; educating consumers about their rights and responsibilities under health insurance plans; and, informing you of problems consumers are facing in accessing care and proposing solutions to those problems.

INSURANCE

Bills We Support

1) **HB 6582**, *An Act Establishing the Connecticut Healthcare Partnership*

OHA supports the creation of the Connecticut Healthcare Partnership. H.B. 6582 seeks to provide coverage for public employees and employees of certain nonprofit employers in the state of Connecticut by allowing these employees to enroll in the State of Connecticut employee plan, effectively expanding the State of Connecticut employee pool which should increase the state's leverage in bargaining with insurers, but also decrease the number of uninsured in the state of Connecticut.

H.B. 6582 is one of several promising proposals circulating through the Capitol for committee action. The goals of this bill are good and the bill needs to be examined in tandem with similar and already enacted laws involving public employees such as MEHIP.

HB 6582 would also convert the plans under section 5-259(a) of the general statutes from fully-insured to self-insured plans. If the plans are converted, we must maintain compliance with the consumer protections contained in the insurance statutes. Generally speaking, conversion to a self-insured product would allow the state more control over the healthcare partnership and state employee plans, and will provide the state with additional tools to drive down costs. However, in today's very rough economy, we have to be careful not to jeopardize the predictable costs we now pay in the fully-insured plan Recently, Comptroller Wyman and her staff negotiated very attractive contracts for the state. A thorough analysis of the projected versus actual utilization of services must be undertaken before we commit to the conversion to self-insured.

I am pleased to see the idea of pooling of risk on a large scale as a strategy to bring down health costs and to use the savings to expand healthcare coverage. As far back as 2006, I warned against the risk of segmenting the market and the need for pooling risk and developing strategies with all stakeholders to address access to healthcare, so I am delighted to see the idea of pooling large groups becoming more in the mainstream of our healthcare reform thinking. I am pleased to continue to support this concept.

Partial Support

3) **HB 5172,** *An Act Establishing the Healthy Steps Program*

We believe that this bill is complicated and deserves further study. The bill is comprehensive in its focus on lifestyle issues, premium subsidies, employer tax credits, incentives for employees who already have HSA accounts, the establishment of a reinsurance program to entice participation of healthcare plans and to allow continuation of coverage for insureds when their incurred claims above the lifetime maximum through re-insurance. However, the bill also contains and allows for the provision of mandate-lite health care plans. I **do not** support the state's involvement, even through a "Connecticut Connector" of stripped down health care plans as a way of solving the issue of the uninsured in Connecticut. We cannot remedy the issue of the uninsured by making a new class of underinsured in Connecticut. Availability without adequacy is a false and dangerous choice for consumers.

Once again, we support a mandate cost study through an independent entity; we believe that it will prove that mandated consumer protections have been falsely derided as the primary health cost driver in health care costs. Studies by The Segal Group show that mandates are responsible for only a very small portion of the increase in health expenditures in the last few years.

We support the coordination of the delivery of services to the aged, blind, disabled and elderly populations enrolled in Medicaid. Care coordination for this population has been long overlooked; however, we oppose the enrollment of this population into capitated at-risk managed care plans as described in Section 21. Section 21 is inconsistent with Section 20, as Section 20 envisions a plan for better care coordination prior to any changes in the delivery system. We do not believe that a population with intensive healthcare needs can be well served through the at-risk model currently in effect for HUSKY families.

CBIA

Connecticut Business & Industry Association

TESTIMONY
BEFORE THE
PUBLIC HEALTH, INSURANCE AND REAL ESTATE AND HUMAN SERVICES COMMITTEES
LEGISLATIVE OFFICE BUILDING
MARCH 2, 2009

My name is Eric George and I am Associate Counsel for the Connecticut Business & Industry Association (CBIA). CBIA represents approximately 10,000 businesses throughout Connecticut and the vast majority of these are small companies employing less than 50 people.

Both nationally and in Connecticut, the health care system is in need of repair.

More needs to be done to improve the health of our citizens. Employers find health care costs rising faster than other input costs. Some providers are unable to generate sufficient patient revenue to cover costs. Some patients cannot get timely access to optimal care. And too many individuals remain without health insurance, engage in unhealthy behaviors and live in unhealthy environments.

For the business community, the issues of health care quality, cost and access are critical. After numerous years of double-digit and near-double-digit increases, health insurance has quickly become a product that many people and companies find they can no longer afford. In addition, the cost of health care directly affects businesses' ability to create new jobs. In fact, according to CBIA's latest membership survey, over two-thirds of our members indicated that rising health benefit costs alone are negatively affecting their ability to hire additional workers.

Therefore, CBIA would like to offer comments on the following bills dealing with health care reform in Connecticut:

- **HB 5172, AN ACT ESTABLISHING THE CONNECTICUT HEALTHY STEPS PROGRAM**
- **HB 6600, AN ACT CONCERNING THE ESTABLISHMENT OF THE SUSTINET PLAN**
- **HB 6582, AN ACT ESTABLISHING THE CONNECTICUT HEALTHCARE PARTNERSHIP**

In reviewing these bills, my opinion and comments are guided by several factors.

First, improving health care in Connecticut must be achieved in a way that will meet people's needs -- and help the state's economy recover and grow. The best way to do that is to make our employer-sponsored health insurance system, with its public "safety net," the model for the nation.

Second, making the best use of our resources to promote quality and value, reduce costs, and increase access to coverage will enable us to accomplish this goal. Better health care means making private insurance more affordable and accessible.

And third, the public and private sectors must work together to improve our health care system, mindful of our precarious economy. Without a healthy economy and the good jobs and benefits it brings, meeting Connecticut's health care needs will be impossible.

So, truly comprehensive health care reform must encompass the following:

It Must Promote Quality

- Use value-based health plan designs that incorporate evidence-based medical practices, in order to give people better care and keep them healthier and more productive.
- Work with the private sector to ensure a "medical home" for all Connecticut residents, which will encourage greater care coordination among providers, improve the quality of medical care, reduce errors, and provide better chronic-disease management.
- Create public-private partnerships to improve people's health status through wellness and chronic-disease management programs.
- Make health care information more accessible to consumers, and the overall system more efficient, by promoting greater use of technology in data collection, transparency, electronic medical records and e-prescribing.
- Adopt pay-for-performance programs to increase patients' safety and quality of care.

It Must Reduce Costs

- Encourage small employers to use wellness and disease-management programs by exempting them from the state's insurance premium tax if they offer and maintain those programs. Educate small employers and the public about the importance of healthy lifestyles and wellness programs .

- Enable employers to purchase health care plans that are appropriate for them and their employees, in particular by not burdening small businesses with expensive new health benefit mandates.
- Make private insurance more affordable by increasing Medicaid reimbursement rates and eliminating cost-shifts to the private sector.

It Must Increase Access

- In addition to the above reforms that will increase access to private-sector health insurance by making it more affordable, the following will also help increase access:
  - Raise Medicaid reimbursement rates, which will encourage more health care providers to participate in public programs.
  - Increase outreach efforts for HUSKY and other public health care programs.
  - Expand the use of community- and school-based health centers, to provide better care to more patients and improve access to providers.

Here are my specific comments on several of the bills before you today:

1. **HB 5172, AN ACT ESTABLISHING THE CONNECTICUT HEALTHY STEPS PROGRAM**

HB 5172 raises critically important issues that must be considered as Connecticut moves towards reforming its health care system. It touches upon improving the quality of health care and reducing its costs in an effort to increase health care access. It also strongly focuses on improving the health status of Connecticut's residents in an effort to improve the overall system.

CBIA supports the provisions contained in **HB 5172** that focus on affordability (those concerning mandate review, reduced mandate products, employer tax credits to name a few). CBIA also supports the provisions of **HB 5172** that address the overall health status of Connecticut residents through promoting healthy lifestyles.

HB 5172 goes a long way towards improving Connecticut's health care system.

2. **HB 6600, AN ACT CONCERNING THE ESTABLISHMENT OF THE SUSTINET PLAN**

There is much to like in **HB 6600,** but there are provisions in the bill that are concerning as well.

First, **HB 6600** contains many positive provisions, including those that promote:

- Provider rate reimbursement increases
- Medical homes
- Health information technology
- Health status improvement
- Health care quality improvement
- Preventive care
- Health care cost and quality data compilation and transparency

However, **HB 6600** also contains several provisions that are troublesome. These include provisions focused on:

- Folding all employers and other groups into one, self-insured pool that would be administered by the state (this would move the state much closer towards establishing a completely government-run health care system).
- Forcing employers to pay for this new health care system either through an employer voucher system or a "pay or play" health care tax contained in the bill (this tax couldn't come at worse time, given the dire state of our economy and our businesses' lack of financial health – and, moreover, the tax is likely prohibited outright by federal law) .
- Ceding the legislature's power to a newly created SustiNet board of directors with regards to changing the SustiNet enrollment rules in the future (taking such an integral piece of the health care reform puzzle away from the legislative process is simply bad policy).

HB 6600 does have many positive reform measures, but also several measures that could be damaging and should be removed from the bill.

3. HB 6582, AN ACT ESTABLISHING THE CONNECTICUT HEALTHCARE PARTNERSHIP

The general concept of **HB 6582** is to have municipal employees, small employers and nonprofit organizations join the expensive state employee health insurance plan.

This is troubling since the state has not done a particularly good job in containing its own health care costs — such as the nearly $22 billion unfunded liability for state retiree health care costs and the fact that one level of state employee health plan for a family of four costs more than $21,000 a year.

It is also concerning that this pooling system would operate outside of Connecticut's insurance laws — which would adversely affect many small businesses. Moreover, any employer group participating in the program would have to make a very lengthy two-year commitment.

Despite what proponents of the bill say, other large-scale purchasing pools have actually not addressed the high costs of health care. For example, America's automobile industry has a very large health care purchasing pool, but despite its considerable "purchasing power," the system's cost has nearly toppled U.S. automakers.

HB 6582 would move Connecticut closer to a government-run health care system. This simply is not in line with public opinion. According to a CBIA/Zogby International survey, nearly three-quarters of state residents said that the best health care reform would be to control health care costs to make private insurance more affordable rather than moving towards a government-run health care system.

And it should be recognized that according to this survey, 69% of state residents have insurance through their employer, or individually in the private market, and an overwhelming 83% are satisfied with their coverage.

It is also important to recognize that the HealthFirst Connecticut Authority recently released its recommendations for health care reform to the legislature. In that report, the Authority stated that:

> On this subject [of opening the state employee health plan to other groups], the Authority recognizes that there are strongly held views for and against this step... [and] that there is no consensus opinion.

Given the controversial nature of **HB 6582** and the strong consensus proposals contained in **HB 5172,** and partially in **HB 6600,** CBIA urges the committees to reject **HB 6582.**

Thank you for the opportunity to testify on these proposals and we look forward to working with you on this tremendously important issue.

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2009

CAHS

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Testimony before the Public Health, Human Services,
and Insurance and Real Estate Committees
Re: H.B. 6600 – An Act Concerning the Establishment of the SustiNet Plan
H.B. 6582 – An Act Concerning the Connecticut Healthcare Partnership
Submitted by Maggie Adair, Policy Director
Connecticut Association for Human Services
March 2, 2009

SB988

Good afternoon, members of the Human Services, Public Health, and Insurance and Real Estate Committees. I am Maggie Adair, Policy Director of the Connecticut Association for Human Services (CAHS). CAHS is a statewide nonprofit organization that works to end poverty and to engage, equip, and empower all families in Connecticut to build a secure future.

Faced with a precipitous drop in state revenue and a budget deficit in the billions, policymakers must now make difficult decisions. CAHS believes that Connecticut's policy leaders should take the long view on priorities, preserving the integrity of programs and policies that support children, families, and the well-being of the state. One of the largest priorities is fixing a broken health care system to ensure that all Connecticut residents have access to comprehensive, affordable, quality health care. Health care reform is critical to the future of our economy. We cannot afford not to fix it.

CAHS is testifying in support of **H.B. 6600 – an Act Concerning the Establishment of the SustiNet Plan.** We also support two other bills that you have heard earlier today, including **H.B. 6582 –An Act Concerning the Healthcare Partnership.** We commend Speaker of the House Chris Donovan for his leadership role in his efforts to make health care more accessible and affordable for municipalities, nonprofits, and small businesses. CAHS has testified and spoken publicly in support of the pooling proposal in the past, and we see the Speaker's work on this issue as critical in moving toward broader health care reform.

Many of the bills that you have heard today address pieces of the health care puzzle. **The SustiNet plan, detailed in H.B. 6600, is the most complete Connecticut-specific plan for universal health care ever presented to the Legislature.** SustiNet is the product of the best thinking of experts and the combined ideas of many stakeholders. We applaud the Universal Health Care Foundation of Connecticut for its leadership, tenacity, and vision in producing the SustiNet plan. **Connecticut must not shrink from this challenge and this great opportunity.**

SustiNet offers a high-quality health insurance plan that promotes healthy competition in the marketplace through new choices, and a new level of accountability and transparency. It invests heavily in evidence-based prevention strategies to keep people healthy, lower costs, and promote sustainability of the health care system. SustiNet addresses the uninsured and underinsured. It addresses inefficiencies, employs best practices that tackle care coordination and communication, and ultimately keep us healthier and saves us all money.

As advocates for low-income children and families, CAHS is very pleased with SustiNet's plan to improve health care access and quality to families on HUSKY and individuals on State Administered General Assistance (SAGA). More low-income people will be able to see a doctor and get the care they need, because once reimbursement rates rise, more doctors will take HUSKY and SAGA clients.

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Testimony on Bill 6600: AAC The Establishment of the SustiNet Plan

HB6582

March 2, 2009
Presented By: Stephen A. Karp, MSW

The National Association of Social Workers, Connecticut Chapter supports Raised Bill 6600 that will create the SustiNet Plan, a comprehensive approach to health care coverage for Connecticut residents.

Over the years the Legislature has struggled to address ways to cover the uninsured, provide access to care to Connecticut's residents, assure quality health care, make health care affordable, have health care coverage that is comprehensive, expand preventive care, offer portability of benefits, and eliminate disparities in health care delivery. Until now, attempts to achieve these goals, while often commendable, have come through incremental steps that only address a piece of the health care system. Even today we see bills being debated that take this piece meal approach. It is finally time to admit that incrementalism and tinkering around the edges has failed. The health care system in Connecticut remains fragmented, with high numbers of uninsured and untold numbers of underinsured. SustiNet is the most comprehensive proposal we have seen to date that addresses issues of affordability, access, universality, quality, comprehensive coverage, and racial and economic disparities.

Part of what we find particularly appealing about SustiNet is that it builds a new health care plan using a self-insured pool approach to comprehensive and affordable health care. This approach does not replace current insurers, but rather enhances market place competition. At the same time, SustiNet goes beyond just health care insurance, by moving us toward a system of health care that will ultimately be a model for rebuilding health care delivery in Connecticut. It should also tie in nicely with potential federal reforms, while not waiting for the long promised but not delivered federal action.

Besides our support of SustiNet from a policy perspective, NASW/CT, as a small non-profit business sees SustiNet as great option for our organization's employee health care coverage and an opportunity for affordable coverage for many of our members who are in independent practice without spouse or family coverage.

NASW/CT does not only politically support comprehensive health care coverage we "walk the talk" by offering our employees such coverage. At this time, the chapter pays 85% of the premium for the employee's medical coverage and 100% of the dental premium. This commitment is not however without a financial struggle. As a small group we are rated by gender and age and this year saw a 42% increase largely due to one employee entering a new age bracket. This forced us to switch to a plan that quadrupled the employee's deductible for

hospitalization and even then we still had a 28% increase in premiums. Our health care costs have limited employee salaries over the past few years and continued increases will eventually force us to pass along a greater share of the premiums to employees. With SustiNet we will have a have a health insurance pool that we believe will reduce our insurance costs, allowing us to improve salaries and have funds to expand members programs and services. We note that HB: 6582 also offers small non-profit businesses such as ours the opportunity for joining a health care pool, which we feel must be part of the solution to affordability for small businesses.

As for our hundreds of members who are independent practitioners, many of them find themselves without any choice but to move into the individual insurance market, where coverage is often limited, very expensive (especially for social workers who are not making huge salaries) and for those with pre-existing conditions finding insurance coverage is nearly impossible. These independent practitioners, be they in solo practice or a group practice, are by definition small employers that would be eligible for SustiNet coverage.

Finally, as an organization that represents social workers, the profession that provides approximately two-thirds of all mental health services in Connecticut, we support SustiNet for its inclusion of mental health coverage. Recognizing the mind/body connections in health care is essential to the delivery of complete and holistic health care services.

We urge the Legislature to pass Bill 6600 this year so that we can begin the process of creating an interconnected health care system in Connecticut.