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CONNECTICUT
GENERAL ASSEMBLY
HOUSE

PROCEEDINGS
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call Calendar 576.

THE CLERK:

On page 31, Calendar 576, Senate Bill Number 921, AN ACT ESTABLISHING A STATE HEALTH INSURANCE EXCHANGE, favorable report by the Committee on Appropriations.

DEPUTY SPEAKER ALTOBELLO:

Also from the Elm city, Representative Megna of the 97th, you have the floor, sir.

REP. MEGNA (97th):

Thank you, Mr. Speaker, and good afternoon.

DEPUTY SPEAKER ALTOBELLO:

Good afternoon, sir.

REP. MEGNA (97th):

I move the committee's joint favorable report and passage of the bill in concurrence with the Senate.

DEPUTY SPEAKER ALTOBELLO:

The question before the Chamber is passage of the bill and concurrence with the Senate. Please proceed, sir.

REP. MEGNA (97th):

Thank you, Mr. Speaker.

Mr. Speaker, this bill sets up a quasi-public organization. As a result of the federal patient protection affordable care act, this organization will

be known as the Health Insurance Exchange. The Health Insurance Exchange will assist individuals and small businesses in obtaining health insurance by license, regulated insurance carriers certified by the exchange, to sell policies on this exchange.

And Mr. Speaker, the goal of this is exchange is really to reduce the number of individuals without health insurance, and assist individuals and small employers in the procurement of health insurance.

Mr. Speaker, the Clerk is in possession of LCO 7830. I asked that it be called and I be permitted to summarize.

DEPUTY SPEAKER ALTOBELLO:

Would the Clerk please call LCO 7830, which was previously designated -- I don't know.

THE CLERK:

LCO 7830, Senate "A," offered by Senator Williams, et al.

DEPUTY SPEAKER ALTOBELLO:

Which had been previously designated Senate "A".

Representative Megna.

REP. MEGNA (97th):

Thank you, Mr. Speaker. I'd like to move adoption and then --

DEPUTY SPEAKER ALTOBELLO:

The question before the Chamber is adoption. Representative Megna, please proceed.

REP. MEGNA (97th):

Thank you, Mr. Speaker.

Mr. Speaker, the amendment is essentially the bill. And what I'd like to do -- it's comprised of 18 sections. I'll summarize each section, and talk about some of the sections, and then --

DEPUTY SPEAKER ALTOBELLO:

Sounds logical and sequential. Please proceed.

REP. MEGNA (97th):

Thank you, Mr. Speaker.

Mr. Speaker, actually, Section 1 is just definitions. A lot of them are in line with the Affordable Health Care Act, which I'm going to refer to from time to time throughout this -- the introduction of this amendment.

Section 2 creates a quasi-public agency known as the Health Insurance Exchange. And it's -- the powers are vested in a board of directors consisting of 11 members with appointments from the Governor, the Legislature, with expertise in the areas of health care, finance, health care delivery systems, health

care benefit plan administration, among others.

Section 3, Mr. Speaker, charges the exchange board with adopting written procedures for the operation of the exchange.

Section 4, this section simply requires the board of directors to submit to the joint committees of cognizance on insurance of each audit of the exchange conducted by an independent auditing firm.

Section 5, Mr. Speaker, this section describes the powers and the goals of the exchange. The goal, once again as I mentioned before, the exchange is to reduce the number of individuals without health insurance in the state, and assist individuals and small employers in the procurement of health insurance.

Section 6, Mr. Speaker, requires the exchange to carry a certain duties and functions, including administering the exchange for qualified individuals and employers.

Section 7 requires the exchange to make qualified health plans available to individuals and insurers beginning -- or before January 1, 2014.

Section 8, Mr. Speaker, this section outlines which plans may be certified as a health benefit plan. And in order to be certified as a plan, it must include

a minimum of the essential benefits as set forth under the affordable Health Care Act, and include the coverage requirements under Chapter 700C of our statutes.

Section 9, Mr. Speaker, this section details a navigator grant program to be administered by the exchange. The navigator grant program, essentially, is a program that will allow the marketing and public awareness, public education of the exchange, to allow people to become engaged in the exchange and the purchase of insurance.

Section 10, Mr. Speaker, states that Connecticut will not limit or alter rights vested in the exchange under the contracts and obligations made by the exchange.

Section 11 simply exempts the exchange from franchise, corporate business, or property taxes by the state or municipality.

And Section 12 is a very important section. This section requires the CEO of the exchange to issue a report to the Governor and the General Assembly, no later than January 1, 2012, and annually, thereafter, which is very important, until 2014, on a whole list of issues, one of which includes whether or not

qualified health plans provide the essential benefits, or include additional state mandates, or current mandates, too.

So this is important, that they come back to the Legislature each year discussing these items, particularly what are mandates and -- When we put together this package it was very important that we carefully look at mandates, and consider them, and realize that it -- mandates that are in statute were really adopted by this Legislature. They went through a whole process. It's something that this Legislature feels are important to the people of the State. So we wanted a clear, systematic way of dealing with -- with mandates and looking at them from year to year.

Section 13 simply gives the exchange legal authority to operate until its existence is terminated by law.

Section 14 requires the Office of Health Reform and Innovation to consult with the exchange board to prepare an analysis of the cost impact on the State, and a cost-benefit analysis of essential benefits packages in the coverage requirements under Chapter 700C of our statute, which, I believe, encompass the -- our mandates.

And, actually, if I could back up to Section 13, it talks about the exchange being subject to the Freedom of Information Act, and protects certain information of individuals in that process.

And, Mr. Speaker, Sections 15 through 18 are essentially conforming language to existing statutes. Much of it has to do with creating this quasi-public organization.

And with that, Mr. Speaker, I urge my colleagues to support this amendment.

DEPUTY SPEAKER ALTOBELLO:

Thank you very much.

Further on Senate "A"? Representative Coutu of the 47th, you have the floor, sir.

REP. COUTU (47th):

Thank you, Mr. Speaker.

Mr. Speaker, today we have an important piece from the President's health care plan, the exchange bill. And most of this exchange bill is, for the most part, being mandated to our State that we must take action and form an exchange to sell insurance plans to people across the State of Connecticut.

I would say a good two-thirds of this is pretty much just basic language telling us how to do it,

definitions, and other basic information about what the services will be by some of those employees under the exchange. And those areas, for the most part, do not concern me.

I have some questions, through you, Mr. Speaker, and I know the chairman of the Insurance Committee may have some stated some of them -- some of the answers, but I'd just like to review, if possible.

First, we all know this will be, and is, a mandate from the federal government. The question is, like any law from the federal government, we have heard some questions related to national health care. Could this exchange system, in the next year or two, be repealed or somehow be blocked at a federal level?

Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Thank you, Representative Coutu.

I'm just wondering whether or not we should do Senate "A," the vote on Senate "A" first before we do the bill as amended or -- it is a strike off, so I'll allow this. Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker.

I don't believe so.

DEPUTY SPEAKER ALTOBELLO:

Representative Coutu.

REP. COUTU (47th):

We all know there's a lot of controversy about the whole health care plan at the federal level. Some states are -- have filed and implemented a law that they believe it could be unconstitutional to have a mandate. That will always be in the back of my mind, could this be blown up as Washington D.C. Changes from one party to another over a period of time?

And through you, Mr. Speaker, looking at the Office of Fiscal Analysis, their note, it stated that other similar plans, like Massachusetts, which is more comprehensive, we both know this is the basic structure to implement, to design, to create an exchange. So we're not at the point where they're at, which is full implementation where people can sign up. But it costs tens of millions of dollars. And within this legislation -- per year -- and within this legislation, there's a lot of duties that this quasi-public agency is going to have to deal with.

And I'm curious, do we know how much it would cost initially to move forward with this exchange for the first year?

Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker.

Up until, I believe, 2014, the -- the funding will come from the federal government.

DEPUTY SPEAKER ALTOBELLO:

Representative Coutu.

REP. COUTU (47th):

Thank you, Mr. Chairman.

And thank you, Mr. Speaker. I agree with that. That's what we're hearing. We have received, already, funding up to a million dollars in the planning stage for the exchange. The federal government is willing to fund most of the costs associated with the exchange for the short -- the near term.

Is there any other states at this time that are implementing exchanges similar to ours? Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker.

I'm -- I'm fairly confident there are many states that are in the process of creating the exchanges, particularly because of the -- the deadlines set forth. There may even be states that are -- are not, and allow the -- are allowing the federal government to create their exchange.

So how similar are they? You know, throughout this whole debate while we put this bill together, we would constantly consider bits and pieces of information from, really, pre-existing exchanges.

Like, California, I believe, had an exchange and -- and Massachusetts was kind of something similar, and up and running before this -- this requirement had come to the Legislature. So -- so we did look at other -- other exchanges that had been created and maybe failed, or were -- were already in the process. But in terms of exchanges, currently, not quite, not quite.

There's been discussion, territorially, with other states on different aspects and so, through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Coutu.

REP. COUTU (47th):

Thank you, Mr. Speaker.

And I do know the Majority Leader and leadership did bring in some federal experts in the exchange process, and we were a part of that meeting. And I thank the chairman and leadership for facilitating that meeting to give us more insight into other exchanges. I think it was Oregon, California, Utah. So that was a good step to make sure we do the best we can to make sure we implement this the right way, or to the best of our abilities the first time.

Just to clarify one more time, relating to this bill, what is the importance of implementing it now? Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker.

There are timelines set up under the affordable health care. And it's important that we create this exchange now in order to move along in that time frame that's set forth under the Affordable Health Care Act, also -- plus it's our goal that -- and belief that this will enhance and help individuals and small businesses procure insurance. So the more timely we do it, the

better, we believe, we will be (inaudible) the State of Connecticut.

Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Coutu.

REP. COUTU (47th):

And, additionally, I completely agree with that. We do have federal timeline mandates that we have to abide by, or they'll take over and implement this exchange. And often, we believe, that's important that the State has the power to control our destiny, and organize something like an exchange, if the federal law requires that.

In Section 2, line 83, in that first paragraph, it's starting to talk about the structure of the board of directors. And what I'm just trying to clarify is why would there be no elected officials. Was there any discussion to why there would be no elected officials with that board?

Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker.

We -- we thought it was best that the members of the board be experts in the field of this exchange.

Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Coutu.

REP. COUTU (47th):

And at the end of the day, through you, Mr. Speaker, who would be, sort of, responsible for that board? Do they have a higher authority? Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker.

I believe they have -- well, the board is set up with a Democratic process. And I believe they have a chief operating officer.

Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Coutu.

REP. COUTU (47th):

Yes, they do. They -- they have -- they will select and nominate, it seems to me, a leadership structure, and that's a good thing. I just was trying

to clarify it's a quasi-public agency. And would they be -- is there -- the Department of Insurance or is it the Governor, or who would they respond to with inquiries? I know there's the federal organizations that they have to communicate with. But is there someone at the state level that sort of has the overall authority to intervene if something is going wrong, or that they have to respond to at a state level?

Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Megna.

REP. MEGNA (97th):

If I understand the gentleman correct, through you, Mr. Speaker, the Insurance Department still has a total regulatory authority and the rate and -- and form approval process for -- for these health care carriers. Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Coutu.

REP. COUTU (47th):

Thank you, Mr. Speaker.

And the way this board was structured, it looks like there's a total of 12 members?

Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker.

That's correct.

DEPUTY SPEAKER ALTOBELLO:

Representative Coutu.

REP. COUTU (47th):

And with this structure, five will be appointed from the Governor. In all, currently, there would be ten appointed from the majority, two appointed from the minority. Is -- is that a typical structure for other boards for these exchanges?

Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker.

I'm not quite sure if that's typical. But I know that in the process, we thought it was a fair process and -- and would represent just about everybody around the State. And we wanted to keep it -- we didn't want it to be so large, this board, that it would be very difficult to -- to function. And on the other side of

the spectrum, we didn't want it to be too small.

So in terms of other boards, I don't know their -- they may be very different. But we just thought that this -- this board would best represent the people of our state.

Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Coutu.

REP. COUTU (47th):

I agree with that position. Obviously, the Governor has five appointees. That's an elected official. And down the road, we don't know how that will evolve but, over time, it could go minority/majority, so it would balance out. And it looks like the board is composed of a pretty diverse group of people, which is very good.

On line 145, it goes in to how we're going to appoint these board members. And it says all initial appointees shall be made not later than July 1, 2011. My only concern is -- is that a too tight of a timeline, or are these people already selected? Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker.

I know one of the considerations when we were putting together the exchange, Mr. Speaker, was that this entire timeline is very tight, in order to get this thing up and running under the federal guidelines. And that was a major point in setting up these -- this July 1, 2011, deadline for the appointments.

And I don't believe -- in fact, I don't know if anybody has been picked or anybody is under consideration. I don't really have any knowledge of that.

Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Coutu.

REP. COUTU (47th):

Thank you, Mr. Speaker. I think it's very important that those members who will be choosing their board members recognize that, because a timeline is coming pretty quickly. And we are going to have to make these decisions sooner than later.

It also does state, shortly after that, there is, sort of, a period of 90 days, which it could be a little bit of leeway. So I think that is good. There's a

little bit of time.

On line 173, this board will have 12 members. It says a quorum will consist of six board members. And I just wanted to clarify, why is that? Typically, boards, as far as I know, they try to get the majority of the members, just so then there's no real problem.

So through you, Mr. Speaker, why did we come up with the number six on a board of 12 for a quorum?

DEPUTY SPEAKER ALTOBELLO:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker.

Since there were 11 voting members, we determined six would be appropriate as to establish a quorum.

Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Coutu.

REP. COUTU (47th):

Thank you, Mr. Speaker.

On line 297, it goes through the exchange as authorized -- empowered to -- and they have many duties. And one of them, Number 7, line 318, relates to fees. It says charge assessment, or user fees, to health carriers that are capable of offering a

qualified health plan through the exchange or otherwise generate funding necessary to support the operation of the fees exchange.

And I just wanted to know -- it's a very important section. We could be talking about a large fee for our insurance companies that will be in this exchange. But it's very vague. And what I'm trying to see, is there any insight onto what that fee could be? Is it similar to the current fees that are applied to the insurance agencies, or is it really just open-ended?

Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Megna.

REP. MEGNA (97th):

Thank you, Mr. Speaker.

The lines 318 to 321 empower the exchange to come up with that assessment. But it's our belief that it would be appropriate that health care carriers, on or off, or all health care carriers share in the -- in that assessment. But we wanted the exchange to really make the decision on how that assessment is going to be done once it's put together.

Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Coutu.

REP. COUTU (47th):

Thank you, Mr. Speaker.

And I thank the gentleman for the answer. I agree. We are on a tight timeline, so part of it is we have to give flexibility to these board members, so then they can make some decisions to then come back to the insurance commission and others to make sure that they have all the things in place to make the exchange a success.

But I definitely think it's an area we have to pay close attention to, because we don't want the fees to be excessive to the point where people who participate in the exchange will be pushed out of the exchange, or people won't want to be in exchange.

The next page is a very important page. It's relating to Number 16, line 351. And this is the one area where I have a little bit of concern, just because the first word in the section says, limit. And when we talk about limit, the number of plans offered, we're really thinking about an exchange where we want maximum options.

The whole idea behind health care for all is people have access, choices, and opportunities to get great

health care plans, but a lot of choices. And being the insurance capital of the world, we have plenty of choices now but we're going to make sure these choices can get in the exchange.

So why is it stated that, limit the number of plants offered? Through you, Mr. Speaker, in line 351.

DEPUTY SPEAKER ALTOBELLO:

Representative Megna.

REP. MEGNA (97th):

Thank you, Mr. Speaker.

Mr. Speaker, actually, this is probably one of the main foundations of the exchange, in my personal opinion, because it will allow the exchange to ensure -- no pun intended -- that only quality plans will be marketed on the exchange.

And it's our hope that the exchange will be able to create or encourage that marketplace, a marketplace of quality health plans at affordable prices. And that's precisely what I believe 51 through 54 will do.

Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Coutu.

REP. COUTU (47th):

I'm sorry, Mr. Speaker. Could the gentleman just

repeat the end of that, please.

DEPUTY SPEAKER ALTOBELLO:

Representative Megna.

REP. MEGNA (97th):

Yes. Through you, Mr. Speaker.

We believe that the -- allowing the exchange to limit the number of plans offered will help assure that only quality health plans are -- are sold on the exchange. And, quite frankly, we want a marketplace that has quality health plans, and -- and nothing left -- less for individuals, quite frankly, on or off the exchange. Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Coutu.

REP. COUTU (47th):

Mr. Speaker, that is a question mark, in my view, because any plan that's going to be in this would have to be licensed. It would have to contain the essential benefit package. There are perimeters that these insurance companies have to meet when they provide a product to market. Some people question are things like health savings accounts good or bad? I had them. Hundred's of thousands, millions of Americans have health savings accounts, flexible savings accounts,

and we like them. So it's really an opinion there. I think it's very important that we keep this exchange as open as possible.

And the model that I like is within Utah. They have a website. They have invited any and all plans to come into the market, to give maximum choice. Because we believe that these insurance companies -- one, the products and services have to be approved and they are regulated. So it's important to keep this as open as possible.

On line 368, it's saying that the exchange shall have an exchange for both qualified individuals and qualified employers. What exactly does that mean?

Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Megna.

REP. MEGNA (97th):

Thank you, Mr. Speaker.

I believe a qualified individual under the Affordable Health Care Act would be a citizen of the state, not incarcerated and, I think, a lawful -- a lawful resident. And in terms of the qualified employers, I believe these would be employers with less than 50 -- 50 employees.

And also, I think, down the road, as the exchange feels is necessary or good, I believe that they can increase those -- the qualified employer to employers with more employees.

Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Coutu.

REP. COUTU (47th):

Thank you, Mr. Speaker.

And one more area that I just want to discuss briefly, Section 9, 684. I've talked to many people. And being a previously licensed insurance provider, this has a section relating to navigators. And my concern relates to one of the people -- there's different groups that can participate, community or consumer-focused nonprofit groups, small business development center, trade industry and professional association, a labor union.

Now, could the local labor union steward be a navigator, and be out there telling people how to -- what insurance they should be in? Should they be -- could they be educating employees?

And, I guess, I'm just trying to determine, these navigators, first, can they educate their members?

Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker.

I believe so.

DEPUTY SPEAKER ALTOBELLO:

Representative Coutu.

REP. COUTU (47th):

Do they have the capacity where they could market certain products or promote certain products? Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker.

I believe the intent of the navigator program is really for general outreach. I'm -- I'm not quite sure about marketing any particular product.

Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Coutu.

REP. COUTU (47th):

That's my concern. Licensed financial advisors,

through things such as insurance providers, they have to be licensed to market products. They have to be licensed to educate customers. Because when you misinform somebody, they get the wrong insurance plan, there is a major problem.

And that section, along with the previous section that I talked about, they are the two areas that concerned me; limiting the number of plans and the navigators not being licensed and really qualified and knowledgeable about insurance plans. And me and you, we can look at insurance plans and say, I know an insurance plan. Great. I knew how HSAs when I had them two years ago. But am I an expert? Should I be advising other people about them? Should I be educating? The answer is no. Because things change often.

So we have to be very cautious in those two areas. And because of those reasons, I will be a no vote today. As I said, I completely understand this is a federal mandate on our State, and we have to implement this plan. But there's two areas that concern me, and because of that, I can't support this legislation the way it's written.

Thank you, Mr. Speaker, and I thank the gentleman

for all his answers and his leadership relating to the exchange bill.

DEPUTY SPEAKER ALTOBELLO:

Thank you, Representative Coutu.

Further on Senate "A," and that would be as it applies to the underlying bill? If people have additional comments on the bill as amended, that would also be entertained but at a later time. Further on Senate "A," as it relates to the amendment of the underlying bill? If not, I'll try your minds. All those in favor, please signify by saying, aye.

REPRESENTATIVES:

Aye.

DEPUTY SPEAKER ALTOBELLO:

Opposed.

The ayes have it. Senate "A" is adopted.

Now, further on the bill as amended?

Representative Perillo, you have the floor, sir.

REP. PERILLO (113th):

Mr. Speaker, thank you very much.

I think the ranking member from the Insurance Committee made a very, very good point, as he discussed Section 5, specifically lines 351 to 354, and he picked the exact correct word to focus on. And that word is

"limit."

The exchange, as envisioned by the federal government, has tremendous potential to create competition, to help ensure that the uninsured are covered with health care. The assumption is that that competition will drive costs down, will improve the level of coverage that the insured individuals will receive.

But that one word on line 351, that one word, "limit," makes me question whether the bill before us will actually do, to it's fullest potential, what the federal government envisions in its act to reform our health care system.

I've read through much of the bill. I've read through all of the bill. And I have to agree, I really do believe that most of it is appropriate and most of it makes sense. But this one section that limits competition, that allows a quasi-governmental agency to pick and choose who can participate and who cannot participate, does not make sense.

And I do believe that those individuals in the Chamber would have concerns about that limitation, that one section of this bill, may be inclined to support the bill if that one section were removed. So with

that, Mr. Speaker, the Clerk is in possession of an amendment, LCO Number 8359. I ask that he please call that amendment, and I be given leave of the Chamber to summarize.

DEPUTY SPEAKER ALTOBELLO:

Will the Clerk please call LCO 8359, which shall be designated House Amendment Schedule "A".

THE CLERK:

LCO Number 8359, Schedule "A," offered by Representatives Coutu and Perillo.

DEPUTY SPEAKER ALTOBELLO:

The Representative has begged leave of the Chamber to summarize.

Please proceed -- or explain, sir.

REP. PERILLO (113th):

Thank you, Mr. Speaker.

And if I could, very simply, what the amendment does is it strikes lines 351 through 354. That is section -- that is Subdivision 16, within Section 5, of the bill. It strikes that in its entirety. And the reason one is it eliminates that limit on those providers who may participate within the exchange. It opens up the potential for increased competition, and I would move its adoption.

DEPUTY SPEAKER ALTOBELLO:

The question before the Chamber's adoption of House "A". Further on House "A"?

Representative Megna, for what purpose do you rise?

REP. MEGNA (97th):

Thank you, Mr. Speaker. On House "A".

DEPUTY SPEAKER ALTOBELLO:

Please proceed, sir.

REP. MEGNA (97th):

Thank you.

Mr. Speaker, like I spoke before with the ranking member, this is a very important element of creating this exchange. This is our ability, as a Legislature, to ensure that individuals have quality health care. That's what this is about. We believe we will form a marketplace with quality health care being put out there for individuals, whether they are on their own or they're with a small business. And with that, I would urge my colleagues to reject -- respectfully, to the good Representative, to reject this amendment. Thank you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Thank you, Representative Megna.

Further on house "A"?

Representative Hetherington.

REP. HETHERINGTON (125th):

Thank you, Mr. Speaker. A question to the proponent of the amendment, please.

DEPUTY SPEAKER ALTOBELLO:

Representative Perillo, prepare yourself.

Please proceed, sir.

REP. HETHERINGTON (125th):

Through you, Mr. Speaker.

On -- in the lines that are proposed to be struck, there is one that refers to the SustiNet plan -- and I just had it. Forgive me.

My question to the proponent is that, assuming that I correctly locate this -- I don't need to locate it to ask the question -- but isn't this -- this is, in effect, the public option door; is it not? Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Perillo.

REP. PERILLO (113th):

Thank you, Mr. Speaker, and through you, I do not believe that the amendment that I have laid out addresses the issue of the public option. Quite

frankly, the exchange does not address that. One could conceivably argue that, by limiting the number of participants within the exchange, that it could be an effort to drive us towards a single-payer public option. That is not explicitly stated, in fairness, within the bill.

The amendment is laid forth very, very specifically to ensure the optimal level of competition, to ensure that, as it is intended, that rates paid by prospective insureds are as low as they can possibly be, and the plans used to cover those insureds are as optimal as they can possibly be.

REP. HETHERINGTON (125th):

I see. Okay. Thank you. I accept that answer and I am reassured by it. Thank you. I thank the Speaker -- the proponent, and I thank you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Thank you very much, Representative Hetherington.

Further on House "A"? Representative Carter.

REP. CARTER (2nd):

Thank you, Mr. Speaker.

I rise in support of this amendment briefly. You know, if you take a look at what this bill is supposed to do in its entirety, it's -- the goal of the exchange

is to reduce the number of people who -- or don't have insurance in Connecticut. If you look at the goal of the bill, it says nothing to address quality of the insurance. And here what we're doing, we are putting quasi-government agency, with the ability to put us in debt, the ability to make a lot of choices that we don't control as a Legislature, this amendment would keep them from limiting those plans, so I see this as a very good thing to do, and will actually help the quality of health care as opposed to hurt it, so I'm in strong support of this amendment. I would urge all my colleagues to do the same.

Thank you, Mr. Speaker.

(Deputy Speaker Godfrey in the Chair.)

DEPUTY SPEAKER GODFREY:

Thank you, sir.

Remark further on House Amendment Schedule "A"? I'm sorry, Representative Perillo. Changing of the guard here.

Representative Perillo.

REP. PERILLO (113th):

Thank you, Mr. Speaker.

And if I could, just in brief, wrap up on the amendment that is before us.

DEPUTY SPEAKER GODFREY:

Of course.

REP. PERILLO (113th):

I would just like to address a comment made by the distinguished chair of the Insurance Committee, an argument that the only way that we can ensure quality coverage is by limiting those participants. Quite frankly, I very much disagree with the gentleman.

It must be restated that any participant, any participating insurer within the exchange must meet the federal guidelines, must be a qualified plan, must be properly licensed. That is our quality assurance. That is stage one of that quality assurance.

The second stage, the essential stage, to ensuring that we are providing options is to eliminate the elimination on who can participate. That is the most essential way in which we can ensure quality. That is what this amendment does. This amendment eliminates that limitation, opens competition, creates an open exchange, not a closed exchange. But it ensures that we are offering quality products, many quality products, and offers choice to those individuals in our

community who need insurance.

And again, I would urge its adoption.

Thank you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Thank you, sir. Will you remark further on House Amendment Schedule "A"? Will you remark further on House Amendment Schedule "A"? If not, let me try your minds. All those in favor, signify it by saying, aye.

REPRESENTATIVES:

Aye.

DEPUTY SPEAKER GODFREY:

Opposed, nay.

REPRESENTATIVES:

No.

DEPUTY SPEAKER GODFREY:

The nos have it. The amendment is rejected.

Will you remark further on the bill as amended? Will you remark further on the bill? 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.

DEPUTY SPEAKER GODFREY:

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

THE CLERK:

Senate Bill Number 921, as amended by Senate "A," in concurrence with the Senate.

Total number voting	138
Necessary for passage	70
Those voting Yea	108
Those voting Nay	30
Those absent and not voting	13

DEPUTY SPEAKER GODFREY:

The bill as amended is passed in concurrence with the Senate.

The House will stand at ease.

(Chamber at ease.)

DEPUTY SPEAKER GODFREY:

The House will come back to order.

The Clerk, please call Calendar 287.

THE CLERK:

On page 11, Calendar 287, Substitute for House

JOINT
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REAL ESTATE
PART 5
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great to talk to you. Take care.

REP. MEGNA: Thank you.

MAYOR PEDRO SEGARRA: Thank you so much.

REP. MEGNA: Thank you very much.

SPEAKER OF THE HOUSE CHRISTOPHER DONOVAN: Thank you, Mayor.

MAYOR PEDRO SEGARRA: Thank you.

REP. MEGNA: Jenette DeJesus.

JENETTE DEJESUS: Thank you. Well, good afternoon, Senator Crisco, Representative Megna, Senator Musto, Representative Tercyak, Senator Stillman, Representative Ritter, and members of the Real Estate and Insurance committee, Human Services and Public Health, and to the public that is here today.

HB 6323

I am Jenette DeJesus. I am working as Special Advisor to Governor Malloy on Healthcare Reform and Deputy Commissioner of the Department of Public Health.

I'm here to speak about H.B. 6305, AN ACT CONCERNING THE IMPLEMENTATION OF THE SUSTINET PLAN and S.B. 921, AN ACT ESTABLISHING A STATE HEALTH INSURANCE EXCHANGE.

Excuse me. I want to just veer a moment from my comments to thank you. It really is an honor to work with you on Healthcare Reform.

I know many of you from the many years that I

have worked on so many of the issues that are before you today, and I must say that it is really good to be among friends.

I'd like to begin to make some of my comments by giving you a sense of what we've been doing in the short time that I've been in my position.

I will speak specifically to the proposed legislation to establish an Exchange, and I know that there have been pieces of legislation that you were considering and given time constraints Secretary Barnes has submitted testimony about SustiNet, and I believe that you have also received testimony from the Department of Social Services.

I will be happy to attempt to answer any questions that you may have, but I may have to refer you to the written words.

With regard to Healthcare Reform in the State of Connecticut, I would like to begin by saying that where we are today is not where we were. With the election of our Administration, we have the opportunity to transform our healthcare system collaboratively.

To do so we must make a shift from the strategies of the past to a new approach. For years some of the key members of our Administration, including the Lieutenant Governor and myself, have worked toward removing the barriers to Healthcare Reform.

And now to achieve reform a unified strategy is the only way to create this system. A unified

strategy is the only way that we'll be able to maximize the revenue for Connecticut from the Federal Government.

I think that it would be incorrect to think that Governor's Malloy's Administration cannot be a partner in Healthcare Reform. Indeed we are.
Our goal is simple. Our goal is clear -- to take full advantage of federal dollars for Healthcare Reform.

As we, together, create a world-class system of healthcare delivery for the State of Connecticut. I have been told by the leadership of the U.S. Department of Health and Human Services that they now consider Connecticut to be a pacesetter state. That is, we are among the states that are leading in the planning and implementation of Federal Healthcare Reform.

And so let me move now to describe what we are doing regarding one of the most significant developments of Federal Healthcare Reform legislation -- the development of an Exchange for the State of Connecticut -- so that I can update on the process that we're following and why we're following this process.

Beginning in 2014, the Federal Act requires that individuals and small employers have access to health coverage through a new establishes Insurance Exchange in each state.

The purpose of the Exchange is to provide a central marketplace -- excuse me -- for individuals and small employers to purchase

affordable health insurance from a choice of qualified plans.

Exchanges will ensure that participating health plans meet certain standards and that they facilitate competition, that the choices -- that there are choices by rating health plans and quality. Individuals and families purchasing health insurance through Exchanges may qualify for Federal Health Premium tax credits and reduced cost sharing.

The Exchanges will also coordinate eligibility and enrollment with both the state Medicaid and children's health insurance programs to ensure people have affordable health coverage. The Affordable Care Act allows states to choose whether to develop their own Exchange or to turn this responsibility over to the Federal Government.

Governor Malloy has made it clear that the development and operation of the Health Insurance Exchange for the benefit of the citizens of Connecticut is too important a responsibility to cede to the Federal Government.

In addition, the Federal Government is encouraging states to establish their own Exchanges by fully funding the costs of planning, development, and the initial operation of the Exchange through 2014.

Now the affordable care act also allows states several options in terms of the types of entities that can be created for an Exchange. And we have a state agency, a nonprofit, or a

quasi-state entity. We are proposing a quasi-state entity since we believe that such an entity provides the necessary transparency and state oversight while giving the Exchange the flexibility that it needs in order to get up quickly and running.

The quasi-state model has been used in the past in Connecticut and most recently for the Connecticut Health Information Technology Exchange, which I'm sure many of you are familiar.

Please note that in S.B. 921, the OPM proposal, this creates the governance structure for the Exchange, and it outlines the federally-mandated functions; however, the bill purposely does not make any policy recommendations since we believe that to do so would be premature.

Currently the Office of Policy and Management is administering a $1 million planning grant that will provide the necessary research and analysis to adequately inform a range of pending policy decisions. Furthermore, this year the Federal Government should be issuing regulations designed to clarify a number of Exchange and insurance market requirements.

The bill gives the Exchange the responsibility to address these policy questions -- which are outlined in Section 11 -- and to report to the Governor, and the General Assembly, annually on these matters.

The language of S.B. 921 is based upon model legislation developed by the National Association of Insurance Commissioners for the

use by individual states and addresses governance as well as the basic responsibilities of the Exchange as required by the federal law.

The NAIC Model Act is the result of a comprehensive-review process by all state insurance commissioners and other interested parties. And the language from the statute that creates the Connecticut Health Information Technology Exchange was also utilized.

Specifically, this bill establishes a quasi-public authority charged with the establishment and oversight of a Health Insurance Exchange managed by a diverse board of directors.

In order to meet the aggressive deadlines established by the Federal Government to have the Exchange operational by January 1, 2014, it is essential that we establish an Exchange in this year. This bill also lists the duties of the Exchange as prescribed by the federal law.

It provides for general requirements regarding how and when the Exchange will be qualified, will make qualified plans available to the public, and it allows the Exchange to charge assessments and user fees -- or user fees to health carriers to generate other funding to support the Exchange.

This is the -- this is necessary since the Exchange, as required by the federal law, must be self-sustaining by January 1, 2015. It's important to note that future year federal funding available in 2011 to design and implement the Exchange is dependent upon the

establishment of the Exchange in this legislative session.

As noted above, the Federal Government is committed to fully funding the development of the Exchanges. Missing this opportunity would leave millions of federal dollars on the table and could jeopardize Connecticut's ability to meet federal requirement of establishing an operational Exchange by 2014.

I'd also like to take this opportunity to provide some comments on H.B. 6323, which would also establish an Exchange. While these two are similar in many respects, there are some very important differences.

S.B. 921 proposes a 13-member board of directors with four appointments made by the Governor with the Office of Policy and Management, and the Department of Social Services, and public health included as voting members and the Insurance Department included as a nonvoting member.

H.B. 6323 proposes an 11-member board of directors with only two appointments from the Governor with the Department of Social Services as the only agency represented.

Considering the close collaboration with the Executive Branch required in terms of vital interfaces with public medical assistance programs and information technology, the impact on the health insurance markets and regulation, and the potential state policy and budget impacts, we feel strongly that the Executive Branch should have greater representation than

is proposed in Raised Bill 6323 and feel the makeup of the board proposed in 921 is more appropriate.

In addition, 921 has very clear language in Section 12 that assures that the Insurance Department retains their full authority to regulate the insurance industry.

Section 18 of H.B. 6323 addresses this issue, but I believe the language in this section is not clear enough and may -- and we want to make sure that the Insurance Department's regulatory authority is not eroded.

The language in 921 was taken from the NAIC Model Act which you screened and reviewed by all states and addresses the concerns of the Insurance Department around the country regarding their continued ability to regulate the insurance industry.

I would also like to add that there is actually a reporting requirement that is stated in 6323 that we believe would be very good, and we include it in our own bill which is to report on adverse selection. But the reporting requirements in 921 are much more comprehensive.

And so I appreciate the opportunity to testify before you about our work in progress towards federal Healthcare Reform implementation in the State of Connecticut.

And again, I would be happy to take any questions that you may have.

REP. MEGNA: Thank you, very much. Are there any questions?

Representative Perillo.

REP. PERILLO: Mr. Chairman, thank you very much.

If I could, just a brief question. Right towards the end, you talked about adverse selection and the study of that and (inaudible). Could you go into a little bit more detail as to what the game plan would be to effectuate change in terms of adverse selection?

JEANETTE DEJESUS: That last part -- what would be -- effectuate? I didn't hear the last part of your question.

REP. PERILLO: How does the State of Connecticut plan to play any role at all in affecting adverse selection?

JEANETTE DEJESUS: Sir, it's a very significant question, and a question that people across the country are grappling with. We've seen some problems with adverse selection in other systems that have been established and certainly we're learning about those.

This is our position, sir. Our position is that we're engaged in a process which is fully supported by the federal government in terms of guidance and in terms of money to implement health care reform in the state.

We have a one-million-dollar grant which requires us to go out in to all -- parts of the

state to talk to small business owners, large business owners, people in communities, and to ask them specifically what you believe the impact of this legislation will be. We are then to take that information and design our exchange in a way that is responsive and inclusive of that.

And so the issue of adverse selection is one that will be taken up, and our position is that we don't have enough information right now to answer all of these questions, and it would be not prudent on our part to go ahead and create these systems without having the benefit of that information.

REP. PERILLO: Thanks very much.

REP. MEGNA: Thank you, Representative.

Are there any other --

Representative Carter.

REP. CARTER: Thank you, Mr. Chairman.

And thank you for being here and your testimony. I -- I think we just got through part of it. The -- the million dollars is lost after December, obviously, if we don't have this in place by -- excuse me -- December 2014?

JEANETTE DEJESUS: (Inaudible).

REP. CARTER: My question is this. Since we have the option to have the states come together and put the exchange, or wait for the federal government to do it, has anybody looked to see

if there's any cost benefit to having the federal government do it because of the -- the negotiating power, because of the way they're going to set up the exchange? Has that been looked at in any way?

REP. PERILLO: Sir, our administration has weighed all of the options that we have, and considering our fiscal position in the state, considering the systems that we have in the state, the decision has been made by our Governor that it is the best choice for this state for us to make our own exchange so that we can tailor it to the needs of the state within -- within reason.

And so in our -- in my conversations with folks across the country, the great benefit appears to be in designing an exchange within your state which is responsive to the particular economic and social situation within that state, with the full support, technical and economic support, of the federal government.

REP. CARTER: Okay, thank you.

REP. MEGNA: Thank you, Representative.

Chairwoman Ritter.

REP. RITTER: Thank you, Mr. Chair.

And good afternoon.

JEANETTE DEJESUS: Good afternoon.

REP. RITTER: I'm -- I'm sorry it's afternoon already before you're here speaking to us.

I will tell you -- that I've been looking at both proposed bills regarding insurance exchanges, and I do have some questions in my mind about the differences between the two of them. And -- and we've already taken an enormous amount of time and you're our second speaker, so I think I would like to perhaps just put those questions on the record and ensure that they're the topic of further discussion, rather than requiring that you respond to them right now if that's acceptable.

And -- and first of all, I think I want to -- want to thank you, as well as the Agency, for the time that they've put in working on this in --insurance exchange. It's an important issue. Actually it's a really important issue about -- it's going to take us way down the road on this health reform and, consequently, I'm hopeful that we'll be able to, through further discussion, spend more time on what I see are some key differences in issues between these bills.

Some of the -- and some of this discussion -- we've already talked a little bit about, the adverse selection, and -- issues which are of great concern to everybody that understands insurance, and I'm perhaps a little disappointed in seeing that -- that indeed that emphasis doesn't reflect through the exchange. Particularly when you look at the composition of the boards as you referred to.

I understand that the Governor's office would like to have a lot of representation on the boards, and I agree with that, but my concerns

are, instead, that others, particularly consumers' voices, which are critical in the discussion about adverse selection, don't appear as strongly. And so I think we need to -- definitely need to have some discussions around that.

I think that -- and -- and I fully understand, in the interest of time, the necessity perhaps to look at this in as simple a way as possible, but again, I'm also looking at the down-the-road decisions that the creation of the exchange drives. So I'm hopeful that we're going to incorporate our ability to control, perhaps, better choices, to have an active exchange, decision making exchange, and an exchange that can, to the maximum extent possible, participate in the marketplace.

So again, I'm a little concerned in seeing those things perhaps absent at this time. I very much appreciate your open-mindedness to having these discussions, and I think that ultimately we really will need to do -- to bring these bills together in that manner. And again, I don't want to spend two hours here. I just thought that I might put that information out on the record, and encourage the legislators around the table to keep that in mind when they evaluate the two bills.

JEANETTE DEJESUS: Sure. If I -- if I may respond just briefly to that then, considering our -- the time constraints.

We're engaged in a process in which we are going through the steps that the federal government has outlined for states. As I

mentioned earlier, we're considered a pace-setter state. That is, that we're ahead of the pack now in designing and implementing change.

The legislation requires that we have legislation that establishes an exchange, so that when we engage in the market analysis that is required by this process, that we will be able to do that. It does not want us to make policy decisions without that information, and so we actually took a very comprehensive, thoughtful, and careful approach to designing this piece of legislation, and we did what the federal government has advised, and what we believe is the right way to approach this which is, let's not make policy decisions before we have the benefit of the information that we need from the citizens of the state of Connecticut, and from businesses, so that we can make those smart decisions about what should be in this -- and not in this at all.

REP. RITTER: And thank you very much for that response.

REP. MEGNA: Thank you.

And thank you very much for your testimony today.

I think -- Comptroller Kevin Lembo.

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HB6308

KEVIN LEMBO: Good afternoon. Thank you, Senator Stillman, Representative Ritter, Senator Crisco, Representative Megna, Senator Musto, Representative Tercyak, members of the committees, ranking members.

Vicky Veltri.

SB921 HB6323

VICTORIA VELTRI: Hi. Good afternoon, chairs, ranking members and members of the Public Health, Human Services, and Insurance and Real Estate Committees. For the record, I'm Victoria Veltri, and I'm the acting Health Care Advocate.

OHA is an independent State agency with a threefold mission. Assuring managed-care consumers have access to medically necessary health care, educating consumers about their rights and responsibilities under health insurance plans, and informing you of the problems consumers are facing in accessing health care and proposing solutions to those problems.

I'm here to support House Bill 6305, AN ACT CONCERNING THE IMPLEMENTATION OF SUSTINET. As you know, the office of the Health Care Advocate of the Office of the State Comptroller staffed and chaired the SustiNet board --

SENATOR CRISCO: Vicki, excuse me. All right, go ahead.

VICTORIA VELTRI: -- throughout the entire process. But to save the committee and the audience time, I will just endorse the comments of Comptroller Kevin Lembo, who spoke eloquently about SustiNet. I agree with him that we are in a conversation about SustiNet, and the conversation should continue.

So with that, I'm going to move to Senate Bill 921, and House Bill 6323. I want to say first that we are pleased to see the conforming changes to the insurance statutes to align it with the Affordable Care Act. With respect to the exchange provisions in Senate Bill 90 -- 921, and House Bill 6323, there are more similarities than differences. The provisions could be reconciled to form one comprehensive exchange bill.

Some of the minor differences include the number of people on the Exchange Board. S.B. 921, has 13, H.B. 6323 has 11. H.B. 6323 does not include the Commissioners of Insurance, Public Health, or the Secretary of the Office of Policy and Management on the Exchange Board, while S.B. 921 does.

However, there are some more-than-minor differences between the bills which we -- which we think are worth pointing out.

H.B. 6323 appears to have stronger conflict of interest protections for board membership. H.B. 6323 subjects the Exchange to the Freedom of Information Act with very limited -- excuse me -- exceptions. H.B. 6323 establishes a standing consumer advisory committee and contains detailed language on the navigator grants under the Affordable Care Act.

Importantly, both H.B. 6323 and S.B. 921 -- 921, recognize the integral role Congress intended for consumer assistance programs in the Exchange by requiring the Exchange to make referrals to the Office of the Health Care Advocate for assistance with grievance,

complaint, or a question regarding the enrollees' health benefit plans, coverage, or determination under that health plan, or coverage, or an assistance with an appeal.

The provisions of both bills could be reconciled to assure consumers are protected, while a high-performing exchange is constructed to deliver efficient, high-quality cost and effective care to enrollees in the exchange.

OHA stands ready to assist other agencies in the development and implementation of the Exchange. Thank you.

SENATOR CRISCO: Thank -- thank you, Vicky, very much.

Any questions?

Thank you very much, Vicky. We appreciate it.

VICTORIA VELTRI: Thank you.

SENATOR CRISCO: Proceeding back to the public speaker list, Clarke King.

And we appreciate everybody's patience and if you could just -- we know what the legislation states, but if you could only limit your comments to either criticisms or recommendations or deficiencies, we would appreciate it.

CLARKE KING: Thank you.

Good afternoon. My name is Clarke King. I am President of AFSCME Local 1716 of the City of

HB 6308
HB 6305

SENATOR CRISCO: Proceeding now to Senate Bill 921.

Is Lance Johnson here?

LANCE Q. JOHNSON: Good afternoon. My name is Lance Q. Johnson and, as an AARP volunteer, I'm here representing nearly 600,000 members of AARP in Connecticut. We believe that the exchange to ensure that all policy and operational choices are considered through the lens of the consumer and that decisions are made based on the consumer's best interest.

Guided by these principles, we have raised the following concerns with Senate Bill 921. Our comments focused on governance, operation, possibility of adverse selection and consumer outreach. The governing body should include strong consumer representation and also provide the opportunity for additional issue-specific working or advisory groups to be created to give ongoing input into the process.

To avoid conflicts of interest, the governing board should not include insurers or health care providers that would be subject to regulation and oversight by the exchange. (Inaudible) said Bill 921 has a provision on abstaining from votes where there are conflicts. The group dynamic of a board can result in the insurance medical representation influencing others on key issues including, which insurance companies to allow into the exchange, premium amounts, medical payment rates and coverage services.

In our written testimony, AARP has provided

language recently adopted in California, which we believe better protects against conflict of interest on the governing board. We have also proposed language that is currently under consideration in West Virginia to establish advisory boards where insurers and health care providers could more appropriately voice their interest.

With regard to the duties of the exchange, the Senate Bill 921 proposal includes only the minimum required by the Affordable Care Act. AARP supports a more active exchange on behalf of consumers. Exchanges should carefully select and certify the plans sold through the exchange using the same competitive market based strategies successfully used by large employers.

Insurance plans should compete for the privilege of being part of the exchange. Competition should be based on cost, value, quality and consumer -- customer service, cost and benefits should be established by negotiation or competitive bidding.

To encourage competition and to facilitate consumer's ability to select plans and make direct comparisons, the number of insurance providers should be limited. The exchange should also establish systems to assist consumers with disputes.

Senate Bill 921 should establish policies and procedures to prevent adverse selection and ensure the viability and stability of the exchange. There must be a level playing field between products offered through the exchange

and by non-exchange insurers; otherwise, non-exchange plans and insurers could attract younger, healthier population leading the exchange with a higher risk pool that will threaten its long-term viability.

AARP also strongly encourages broad, easy to use outreach across a variety of communication streams for consumer education and enrollment.

In conclusion, we believe that the exchanges are vital in the effort to extend health coverage while improving access and affordability for those already in individual and small group markets.

AARP looks forward to working with the administration and members of the legislature to develop an exchange that is viable and effective in delivering quality, affordable health care.

I thank you.

SENATOR CRISCO: Thank you, Lance.

Any questions of Lance?

Yes, Representative Tercyak.

REP. TERCYAK: Thank you very much.

We -- the bill you refer to is the House Bill on SustiNet and moving forward in that kind of health care system. Earlier, there was somebody -- we had the speaker, our new director of Public Health speaking for the part of the administration and she spoke of

exchanges.

In your testimony you mentioned that California doesn't allow people with insurance company connections from serving on the governor board of their plan. You named another state. I forget which one --

LANCE Q. JOHNSON: West Virginia.

REP. TERCYAK: -- but Maryland, Rhode Island, Montana, Washington DC, all have that same rule so does the SustiNet plan. The administration's plan does not, by the way. It puts somebody from the insurance company there.

I didn't hear you suggesting that we should have people who are not -- that we should have large employers as part of the board -- and that made sense to me. They're not part of the plan. You didn't include large employers on your board did you?

LANCE Q. JOHNSON: I didn't exclude them either.

REP. TERCYAK: No, oh, okay.

LANCE Q. JOHNSON: The idea with the exclusion of the insurers is that -- the proviso was that they are also going to be there -- their employers are going to offering plans in the exchange, but under the West Virginia determination for it, they said, well, in order to have -- I think we still want to have their input but not on the board, per se. That's why we had these associated committees. We request that you consider setting up these associate committees so they can still voice their input,

give direction but not influence both on actual end products.

REP. TERCYAK: Thank you very much. I like your thoughts, sir. Appreciate it.

Thank you, Mr. Chairman.

SENATOR CRISCO: Thank you.

Any other questions?

Lance, thank you so much for all you do. We appreciate it.

LANCE Q. JOHNSON: Thank you.

SENATOR CRISCO: Matt Katz.

MATTHEW KATZ: Senator Crisco, Senator Musto, Senator Stillman, Representatives Megna, Tercyak and Ritter, and members of the committees here in front of me today, thank you very much for allowing me the opportunity to testify.

My name is Matthew Katz. I am the executive vice president of the Connecticut State Medical Society, the 219-year-old organization representing Connecticut's physicians, more than 7,000 physicians and physician members in training. We are here to testify and support of Senate Bill 921 and House Bill 6323.

We have before us today a profound opportunity to ensure that under your leadership the State of Connecticut remains at the forefront of health insurance reform and continues to

improve the increase health insurance coverage to Connecticut's residents and, more importantly, access to medically necessary services because, in fact, that's what it's about. It's ensuring that care is provided not just that coverage is afforded.

The most important message I can impart upon you today is that CSMS wholeheartedly supports the establishment of a state-based exchange rather than defaulting to a federal government model. The decision as to what is best for physicians, patients and the residents of Connecticut is all too important to made in Washington DC.

We need to have the control on the authority at a state level to make those decisions as to what's best for our communities, what's best for our neighbors, what's best for our patients. A state-level exchange would also allow all stakeholders in Connecticut -- and we do mean "all" to participate. To determine what's best for our state, what is best for our patients and who does need access to medical care.

I'm here on behalf of our members to tell you that physician involvement is critical and essential in these exchanges. Who else provides patients with the information as to what benefits are afforded, what benefits are covered, and when something is denied, where to go and how to ensure access to medically necessary care. Physicians must be a part of these exchanges, must be there for patients, and must be there for the advisors and the board that are making those informed decisions.

The exchange provides us with an opportunity, however, it also provides us with challenges. We must ensure that the patient and physician protections that we have fought so hard over the last few years, remain. And that all those that participate in the exchange follow those same standards of patient and physician and other provider protections. We cannot throw those qualities, standards, those metrics out simply because we offer an exchange.

I also want to just briefly mention that we do believe that codifying PPACA within the state law makes sense. However, we caution you that we need to make sure that it is a ceiling -- excuse me -- a floor and not a ceiling. To ensure that in fact, if something were to happen, federally we still have state protections. The current wording, we believe did not afford us the opportunity that if something federally were to change, we would be protected here in Connecticut, and we ask that you ensure that those protections remain.

Thank you very much for the testimony today. We wish to work with you to ensure a comprehensive health system and health system reform in the State of Connecticut.

SENATOR CRISCO: Thank you, Matt.

Any questions?

Yes, Representative.

REP. PERILLO: Less a question, more a comment. You mentioned that this is too important to be left

to politicians in Washington and a decision that should be made here by the State of Connecticut. The longer you hang out around here, the less inclined you're going to be to say that.

MATTHEW KATZ: I have been here a few years, and the organization has been around 219. We think it's best done locally as opposed to be done nationally. We believe that those communities, those municipalities working, with the state know what's best for themselves, their employees and our neighbors.

REP. PERILLO: Thank you. They're actually a lot people who think that people know what's best for themselves and not the government at all, but it's a different philosophical discussion for a different day.

SENATOR CRISCO: Thank you.

Representative.

REP. HETHERINGTON: Thank you, Mr. Chairman.

Kind of a basic question, you -- you raised a question of the exchanges created under federal law and those created under this law. How does that work together with -- with two institutionalized exchanges, one on the federal level and one on the state level?

MATTHEW KATZ: Technically, it wouldn't be two. The federal law said that if something was not developed by a certain date, certain -- at the state level, the federal default exchange would take effect. So what I believe is occurring

today in the discussion is the development of that state base. You have one or the other. I do not believe you can have both under the federal law.

REP. PERILLO: So the federal law is designed to defer to a state if the state creates one?

MATTHEW KATZ: Deference to the state, if the state were to develop one. If it does not, then there is that default federal exchange mechanism in place. And I don't know if they developed specifically what that exchange would like federally. That would be afforded to the states that did develop their own exchanges by the date certain deadline.

REP. HETHERINGTON: Okay, thank you.

Thank you, Mr. Chairman.

SENATOR CRISCO: Thank you, sir.

Any other question? Thank you so much for what you and your association does.

Thank you, Matt.

MATTHEW KATZ: One other thing, Senator, if I might. It was mentioned about association plans. We, two years ago, developed such a plan of 5,560 individuals and not a single health insurer provided us with the coverage to that plan that was a diverse, robust group of physicians, their office staff, and their families. And we could not find coverage in this state. So we do believe that there needs to be other opportunities and avenues to ensure that

coverage.

SENATOR CRISCO: Thank you so much, Matt.

John Esposito? Will Smit? Henry Hogan? Robert Wagner? Eric George.

HB6305 HB6308

ERIC GEORGE: I feel like that was a set up.

Senator Crisco, Representative Megna, Chairs and Co-Chairs and ranking members of the various committees, thank you so much for raising these bills. I'm here to testify in support of Senate Bill 921, which would establish a health insurance exchange for the State of Connecticut.

To answer your question, Representative Hetherington, you wouldn't have a bifurcated system where the federal government and the state government would have two competing exchanges.

The federal government put out the requirements. They said, By 2014, every state shall have an exchange or multiple exchanges in place. State's go do that, but if you don't we'll do it for you.

So that's the short end of that -- short answer to that.

We feel that the exchange needs to be developed in a way that promotes the private sector and definitely takes in consideration health care reform philosophy, such as medical homes, such as wellness, such as electronic medical -- electronic medical records, promoting better

use of technology, promoting data transparency.

We don't feel that the exchange, however, would be complimentary to or, quite frankly, allow something akin of a self-insured public option running through it. And we have submitted testimony on House Bill 6305 and 6308, which we are in opposition to for a variety of reasons.

But if we were going to start from the beginning, we have an industry an economic sector that has been, quite honestly, shedding jobs for many years now. We have recognition -- the Governor, himself, has recognized this and said that it's a trend that we need to reverse.

At this point in time, with the job losses that we've experience and the unemployment rate that we have, anything that would potentially -- an employer, whoever that employer is and from whatever industry, looking at the State of Connecticut and saying, Is this an area where if I make an investment, I should expect a reasonable rate of return?

Anything that goes contrary to that, we would be in strong opposition to. Especially, in a time where our unemployment rate is approaching 10 percent at a time when our unfunded liabilities are buffering up to $70 billion a year. I'll be respectful of your -- of your time limit. You have my written testimony and thank you for your time.

SENATOR CRISCO: Thank you, Eric

Questions of Eric?

Yes, sir.

REP. PERILLO: Mr. Chairman, thank you very much.

Just to clarify, we've heard a lot of testimony that specifically with SustiNet and the public option component of it that it will be a benefit to the business community. You represent the business community, and your perspective is that it will not be a benefit?

ERIC GEORGE: I will say that SustiNet is crafted after certain state employee plans -- or state plans -- I won't just say state employee plans -- that have benefit levels that are, quite honest, sir, in excess of what we're seeing in the private market. And we're seeing employers not be able to afford those at this point and time. So I don't think that there's actually going to be much uptick from the employer community.

I think there a lot of areas that it could have a benefit in terms of individual market. I, quite honestly, think the individual market is -- is in need of reform. However, in Connecticut with our small group market, we actually have somebody brought up a community rating. We actually have a form of community rating in this state for companies under 50. It's called "adjusted community rating."

We have there -- we have guaranteed issue where any company that goes to get a plan has to be written a plan. It has to be offered. We have guaranteed renewability there, too. And we also have a suggestive community rating where

all of those companies under 50, are -- for lack of a better term, "pooled" together, and then rates can vary only based on certain criteria. Criteria based, such as gender, age, the industry that they're in, but they cannot vary based on claims or the health of the employee.

So while we have the ban on preexisting conditions at the federal level now with part of it taking effect Year 1 but then all of it taking effect by 2014, we've actually had a ban on preexisting conditions for the small group market in Connecticut for upwards of about 20 years. And I say the small group market and that's for companies under 50 employees so --

REP. PERRILLO: That's just helpful because I think you may or may not be the first individual from the business community to testify. So it's kind of nice to get both sides of the equation.

Thank you, Eric.

And thank you, Mr. Chairman.

SENATOR CRISCO: You're welcome gentleman.

Representative Tercyak.

REP. TERCYAK: Thank you very much.

Thank you for coming here.

You mentioned small employers getting together and being able to buy together as a group. Why would they do that?

ERIC GEORGE: Right now under pure community rating, they're not buying as a group. What they are doing -- what happens is the rate that their offered is -- all of the employers under 50 are considered to create a community rate.

They are not banding together with all of their, you, know brother and sister companies along Main Street, but the insurers are going to them and saying, This is a community rate, and we're going to adjust only on certain factors; we can't adjust on claims experience; we can't adjust on health. We can't adjust on preexisting conditions.

As I said, they can only adjust based upon those factors such as age, gender, industry, the like.

REP. TERCYAK: So the community rate would be that the insurance companies treating the individual employers as -- as members of a group that they otherwise didn't belong to but if they're a member of this group for insurance purposes --

ERIC GEORGE: In a nutshell.

REP. TERCYAK: And does the insurance company charge more for people being in the -- in those -- in that group with community ratings than they would for anybody's individual rating?

ERIC GEORGE: You'd have to ask the insurers that. But -- but my understanding is the insurer -- the individual insurance market is much more volatile. I mean, one of the reasons Connecticut --

REP. TERCYAK: But, of course.

ERIC GEORGE: One of the reasons that Connecticut -- but the reason I'm saying that is because community ratings -- adjusted community rating wasn't always here. It was here for about 20 years.

Before that, the small group market suffered under the same situations that the individual market does. Where you would have -- if you had a good year and everybody was healthy you're premiums are low. And then if someone unfortunately got sick, your premiums spiked, in some instances, over a 100 percent.

The legislature, I would say in its wisdom, said, This can't happen; these small companies can't afford these volatile increases; we need to have adjusted community rating.

And I would say that in -- if you look -- especially if you talk to individuals that have -- do business in various states, Connecticut's adjusted community rating system is -- is rather well-regarded.

REP. TERCYAK: Thank you.

I'm just surprised that you don't see the success of our community rating system as an indicator of future success for putting people in an even larger pool. This one, the state employee pool and call it SustiNet.

ERIC GEORGE: One of the major concerns I would have there is under the model that you're considering under both, pooling or SustiNet.

We're not talking about fully-insured systems. We're not talking about systems where the State would be paying premium, but it would be an insurer or multiple insurers taking the risk to pay the claims.

You're definitely going to be saving money on the front end in terms of not paying those premiums, but you don't know who is going to enter the pool. Nobody does. People can guess, and we'd all somewhat of a prognosticator because we don't know the risk profile of the people who will be coming in.

If individuals enter that are younger and healthier, then it could be a benefit. If individuals enter who are a more expensive in terms of they have more health issues, then that could strain the system significantly. I mean, many companies, they might be fully insured for a period of time. And things didn't work out so well so then they go and they self-insure.

Sometimes they actually revert back to the fully-insured system. We seem them going backward and forwards. And that's when they have a population that they generally know who it is. They know who their employees are and the dependents, relatively, so they can make that actuarial analysis.

I'm saying that under these scenarios with pooling -- under the scenarios of a self-insured system with pooling and SustiNet, you don't have that certainty because you don't know who's going to be coming in. That's the point I'm trying to make.

REP. TERCYAK: Interesting because I understand what you're saying how in a small group even up to 51 person is 2 percent and now you're noticing a number; however, when we're talking about the hundreds of thousands, like we're envisioning here, one person is hardly noticeable.

ERIC GEORGE: One thing I would caution about.

REP. TERCYAK: I'm sorry. Yes, sir.

ERIC GEORGE: No -- no. The one thing that I would caution is that I know that there's a -- there's a thought that the larger number, definitely, the lower the cost.

REP. TERCYAK: That's how BJ's and Costco tell us it works.

ERIC GEORGE: Well, that's interesting because in Detroit, I believe, the automakers are not experiencing the same, and they have some of the largest pools.

REP. TERCYAK: The large -- there is -- we will grant you that here in Connecticut, good insurance cost more than lousy insurance. And I would say that in Detroit where insurance is expected -- if you're talking about the automakers, you're talking about the price of good insurance. You're also, by the way, talking about a pool with very little new blood.

In Connecticut, whether it's state employees or Pratt & Whitney, if you're irresponsible, if you leave your employee after your kid comes

down with diabetes or schizophrenia, you're trapped in that larger pool just for the sake of the benefits.

I would think that if I was looking for sick people who are insured, I would look first at the larger employees, where, in fact, they can just be part of the risk pool without sticking out the way they would in a 50-employee shop.

Thank you very much, Mr. Chair.

SENATOR CRISCO: Thank you, Representative.

Representative Srinivasan.

REP. SRINIVASAN: Thank you very much for your testimony.

I just want to clarify what I heard was right. That in -- you feel that in the SustiNet system, if that were to become effective, the prices there would not be affordable to small organizations with 50 or less people and so yes, that system is there on paper, but in reality those people would not be able to participate because of the cost factor?

ERIC GEORGE: They're many details that have to be worked out in terms of the plan designed. I would say if we're going to make a comparison between the benefit levels of many of the state plans to what we're seeing in present market, they're in excess.

And, you know, there's good reason for them to be in excess. For many years, the state employee did not have the salary levels of the

private sector so they had to have much better, more generous benefits so that stands to reason.

What I am also saying is that without -- I would expect the plan design to be at that level. So I would be surprised if companies were to afford that if they can't afford the existing system. That is under an unsubsidized scenario. And, quite honestly, nobody knows how things will evolve.

If this were to be a subsidized system either from the state or the fed, it would be a different scenario. It would also be an unlevel playing field between who is dealing with SustiNet and who is not dealing with SustiNet, but I am assuming an unsubsidized scenario.

REP. SRINIVASAN: So in your scenario, you're expect -- I mean what you've suggesting maybe is it'll be the state employees, the municipalities and all of those people who will participate in this program. And private industry and small businesses, there's a good possibility that they may not be because of the cost factor participate in these programs.

ERIC GEORGE: I think there'd be a good possibility. That's a fair statement. We'd have to see what the plan designs are.

REP. SRINIVASAN: Okay, thank you.

SENATOR CRISCO: Thank you, sir.

Any other questions? Any other questions?

No.

Thank you so much, Eric.

ERIC GEORGE: Thank you.

SENATOR CRISCO: Appreciate it.

Is Daniel, Daniel Russo here? Daniel Russo.

All right. Proceed to Senate Bill 6323. Jill Zorn. Is Jill Zorn, here?

JILL ZORN: Thank you for the opportunity to provide testimony, regarding HB 6323, and I'll also be speaking sometimes about SB 921, the two bills on health insurance exchange.

My name is Jill Zorn. I'm a program officer at the Universal Health Care Foundation of Connecticut.

The foundation -- I have submitted written testimony. I'll just give a few brief remarks about the exchange. The foundation would like to focus our testimony on several key principles which we feel Connecticut's final exchange legislation should meet.

First, as far as board composition, both of the two exchange bills create a quasi-public entity. And they create boards of pretty similar sizes, but they do take different approaches regarding board composition. The senate bill focuses on appointing a board that is representative of key stakeholders, and HB 6323 focuses more on creating a board that has

the right types of expertise.

The final legislation should aim to find the right balance between a stakeholder board and a board of expertise; but, in either case, we feel that both individual consumers and small employers should be represented on the board.

A second concern is regarding conflict of interest. The final legislation should have strong conflict of interest language to prohibit entities that will be doing business with benefiting from or competing with the exchange, such as insurers or insurance brokers, from serving on the board. And we, therefore, prefer the stronger conflict of interest provisions in 6323.

With regards to staffing, 6323 establishes that top executive positions will be exempt from classified service. SB 921, however, proposes that all the staff of the exchange would be exempt from classified service. We don't agree with that.

A fourth concern I'd want to talk about is the active purchaser approach. The legislation should assure that Connecticut is establishing an exchange that will carefully screen and negotiate with potential participating insurance plans in order to assure the best possible choices of quality affordable plans.

And we also have concerns about adverse selection, which 6323 has stronger language about and making sure there's transparency and accountability.

Thank you.

SENATOR CRISCO: Thank you very much.

Any questions?

Yes, Representative Ritter.

REP. RITTER: Thank you, Mr. Chair.

Good afternoon -- I was checking to make sure it's not evening.

I have a question about your last statement concerning adverse selection under these two proposals. And I wondered if you could give me just more a little bit more detail to that point because I'm concerned about it.

JILL ZORN: Yeah. I mean I think we all have concerns. We want to make sure that the exchange does not end up attracting the sickest population and somehow the healthier people stay outside the exchange and it ends up tanking the exchange. That's a concern. And no one can really predict the future, but 6323 does put some language in regarding we need to monitor it and may need make adjustments so it just has a specific provision about that. And 921 just didn't address it directly. So I'm sure that's something that we would want to look at both bills and probably put in some language regarding, you know, trying to look ahead to keep track of that and make adjustments if we need to.

REP. RITTER: Thank you and another concern that I -- you may have mentioned and I didn't

understand or I didn't hear yet and I just wondered if you had some comments on. And that has to do with the ability of people, via the exchange, to freely or easily transfer between public and/or nonpublic programs as their qualifications change. How that might work inside an exchange? And it's not something I understand a lot about yet, but I'm interested in whether you feel that the language, in either or both of these bills, would favor that sort of seamless transitioning.

And before you comment, I'll just tell you that my concern about it has to do with the ability of these people to keep continuity of care. Rather than have to break ties to maybe the care receiving under one program when they transfer to another maybe because their income increased, certainly through no fault of their own.

JILL ZORN: The federal government requires that the transitions be seamless. I can't honestly say that that's a particular issue. I studied between the two bills to say one is better than the other, but it's very clear that that's an absolute requirement. That the exchange is going to have to approach enrollment and eligibility in no wrong door, sort of, approach. And so an individual coming into the exchange doesn't necessarily know, am I Medicaid eligible or am I going to be eligible subsidies? They don't know. And the whole point of the exchange is you come in and the exchange figures that out behind the scenes and then hooks you up with the right program. And so that's an absolute requirement to do seamless enrollment in eligibility

determinations.

And that means a lot of work that our state is going to have to do to do that properly. And whether it's stronger in one bill or the other, I don't particularly know. But I do know it's a requirement that's going to have to be strong no matter what.

REP. RITTER: Thank you.

It would be a real shame to lose some of the potential benefits of having an exchange if that situation were impaired. So I guess what I would ask of you and/or of the foundation is that as we continue our discussion on these two different approaches, perhaps two exchanges, that any information or opinions that come to you to this point, you make sure you give to us because it would be, to be honest, a terrible shame to sort of blow it on that one --

JILL ZORN: Yes, absolutely.

REP. RITTER: -- with all this work that we're putting in it. And I think that's a real concern for many of us and that we work to get it right.

JILL ZORN: Absolutely, it's crucial.

REP. RITTER: Thank you.

SENATOR CRISCO: Thank you, Representative.

Any other questions?

No. Thank you very much.

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For instance Saint Francis has an urgent care center in Bloomfield that patients can access. We have emergency rooms. So for those nighttime emergencies and things that come up and there -- there will be cost effective, hopefully facilities set up for that.

But in terms of hours, obviously we need to have convenient hours for patients who don't necessarily work at a time when they can get into the office during the daytime so they may need evening hours and weekend hours and things like that. So medical home models do support those kinds of patient friendly accommodations that -- that can provide better care at those times.

REP. JOHNSON: Thank you. Thank you, Madam Chair.

SENATOR STILLMAN: Thank you. Any other questions? Thank you, Sir. We appreciate it. Mary Elia. Karen Schusler. Eric Brown. Tom Swan.

TOM SWAN: Good evening.

SENATOR STILLMAN: Good evening.

TOM SWAN: Happy Valentine's Day. I want to add -- I want to add, I'll be brief. I've handed in some written testimony. I want to thank you all for your dedication and for placing Connecticut at the forefront for the implanting the affordable care act. It's really a huge testimony. And you all never get the credit for the hard work you do. I know Representative Tercyak's given up a UConn game ticket tonight and Senator Stillman's chairing two different committees right now and all of

(HB 6305)
(HB 6308)
(HB 6322)
HB 6323
SB 921

you have families and loved ones at home. So thank you.

I want to speak extremely strongly about this SustiNet program. In 2007 the legislature established two healthcare authorities. One being the Health First Authority, the other the Statewide Primary Care Access Authority. I was named as the consumer rep cochair of each of those authorities and Margaret Flinter from the Community Health Center Inc. was going to come this evening and we were going to testify about how much this legislation, you know, encompasses what we heard in talking to hundreds of people throughout the State.

The emphasis on quality care and medical homes in really delivering 21 century healthcare to the residents of Connecticut is something that we should all be really proud about and that we're taking the forefront. I also want to state that Connecticut residents deserve a public option. It's been long enough that insurance companies have been ripping us off. This last year insurance companies had record profits.

They had thousands of fewer people enrolled within their plans and they paid out less in healthcare benefits. That comes from their own financial filings. They may claim other things when they testify here but I'll be more than glad to share with you their own financial filings. So whether it's the SustiNet Program, whether it's the Healthcare Partnership Act, the Connecticut State Legislature these last four years has taken the lead and we should be proud and we should build off of it because we

have a Governor for the first time that I believe will work with the legislature to really implement these things and not have to be veto overridden like the SustiNet Board's creation.

In addition quickly, the drug purchasing proposal put forward by Controller Limbo, excellent idea. Tough budget times. A few years it was estimated that we spend across all of the different agencies nearly a billion dollars on drugs within the State of Connecticut. We can negotiate a better price. They'll pay -- they'll do a better job there. And then also I want to state strongly just one last sentence because I'm trying to be pretty good here. We support the House version 62 -- 6323 over Senate Bill 921 in terms of the exchange.

There's five quick principles that (inaudible) exchanged. It needs to be publicly operated. There needs to be strong conflict of interests protections. It should be an active purchaser on behalf of consumers of healthcare. It should have the same rules for plans in and outside the exchange. And just like what you've got in the two different bills here it should include a public option. Thank you very much for your time and your commitment. The residents of Connecticut have no idea how lucky they are that you are all up here. Thank you.

SENATOR STILLMAN: Thank you very much, Tom. That was very kind and we appreciate your -- your comments about what you are hearing from people and what you believe and your organization believes is the right thing to do. So thank

Testimony for Raised Bill # 921 - February 14, 2011

Good Day to both the Committee's on Public Health and Human Services and also to all of our honorable legislators:

S.B. No. 921 (RAISED) AN ACT ESTABLISHING A STATE HEALTH INSURANCE EXCHANGE. To establish a state health insurance exchange pursuant to the Patient Protection and Affordable Care Act.

Thank you for listening to our voices and YES to this new act for good legislation. My name is Jody Wynn Rodiger and this is my story. I am a women of great faith, a social justice advocate and serve to my ability on the Ryan White Planning Council. At this time I am disabled relying on the grace of God for my survival. I worked full time for about 30 years paying good money into a healthcare system that is broken. I did not become disabled overnight and I have been trying to overcome my suffering until I had to take everything off my plate and find a way to heal.

Five years ago I started talking to my dr about my knees bothering me and considerable pain. His response was to go out and walk and loose some weight. I did just that however there was more and more increasing pain and when he gave me the same response the next year and I responded that I wanted to see an orthopedic he did not listen. As I walked and swam I could feel my left knee buckling and failing me. I searched for a new dr but by the time I found a new dr patiently on a waiting list I had to leave my job because of the overwhelming pain and suffering. After going thru savings and retirement money I then ended up on public assistance almost a year ago.

But thanx to my good legislators in Manchester who guided me to a good sports doctor and a physical therapist who was trained in a new therapy in CT, that had just become available, I finally started my road to recovery. Today I still suffer but now I know that my knees are in horrible, horrible, horrible condition, the words of my UCONN Orthopedic. The left knee will be replaced next week with a new knee cap. The left knee is bone on bone and can not stand straight effecting my foot and ankle and right hip. I also suffer with Lymphedema which is an auto immune syndrome with many complications that is becoming a stealth epidemic in both cancer survivors and others, such as myself, overcoming chronic health conditions. I believe in being proactive, I eat healthy, I exercise and do my best in this toxic world we all live in. This could have been avoided with 1 referral to an orthopedic dr 4 years ago.

Healthcare 4every1 !

You see this is good news for all of us who have been advocating for serving people in real need, creating healthy housing and services while at the same time lowering costs, including rising medical costs, for our state and communities. I have served on many boards for the health and welfare of people in need of assistance. The cost of services for all communities and all residents must be realigned and this is a good first step ! Last year I stood here as I was starting to be filled with Great Hope! This year I see the hope being fulfilled that others will not have to endure such pain.

Jody Wynn Rodiger
71 Church Street
Manchester, CT 06040

DIVERSIFIED GROUP BROKERAGE
CORPORATION

TESTIMONY BEFORE
INSURANCE AND REAL ESTATE COMMITTEE
HUMAN SERVICES COMMITTEE
PUBLIC HEALTH COMMITTEE

MONDAY, FEBRUARY 14, 2011

LEGISLATIVE OFFICE BUILDING, ROOM 2C

To: The Legislative Committees on:
Insurance and Real Estate,
Public Health, and
Human Services
From: Diversified Group Brokerage
Date: February 14, 2011

Thank you for the opportunity to submit testimony today. My name is Brooks Goodison and I am the President of Diversified Group Brokerage Corporation doing business as Diversified Administration Corporation (DGB/DAC), located at 369 North Main Street Marlborough, CT 06447. We provide health plan administrative services, such as claims processing, enrollment, eligibility, billing, customer service, risk management, as well as comprehensive wellness and disease management services, to self funded employers in the state of Connecticut for the last 44 years.

As a testament to our long standing place in the community, we are a Connecticut company, with 100% of our business services located in Connecticut. We provide employment for 65 full time employees in Connecticut as well several part time positions which serve approximately 200 employer groups in our State.

We are submitting testimony on ***SB 921, An Act Establishing A State Health Insurance Exchange.*** We support the state's efforts in setting up a quasi-public agency to initiate the process in implementing Federal Health Care Reform, and respectfully request that as the State of Connecticut moves toward implementing the various facets of the insurance exchange, that you consider DGB/DAC as a resource. We have a long standing track record in providing professional health plan services. As an organization, it is in our nature to be cooperative, open and flexible. Our staff are dedicated and highly

369 NORTH MAIN STREET P O BOX 299 MARLBOROUGH. CT 06447 (860) 295-0238 FAX (860) 295-6598

experienced in administering health plan services as evidences by their average tenure of 18 years in this profession with our organization. We believe that these characteristics will make us an appropriate fit to work cooperatively with State Government to make progress in delivering cost- effective health care within the exchange.

We thank you again for the opportunity to provide testimony, and ask, as a Connecticut employer, to remain involved in the process of implementing Federal Health Care reform in our state. I can be reached at the address on this letterhead or at 860-295-0238 ext. 432.

President - DGB/DAC

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Statement PhRMA

Comments Regarding Raised Bill 921

February 11, 2011

The Pharmaceutical Research and Manufacturers of America (PhRMA) offers the following comments regarding Raised Bill 921, An Act Establishing a State Insurance Exchange. PhRMA believes that well-structured Exchanges offering choice and competition among health plan options can help small businesses and individuals obtain improved coverage. We look forward to participating in the ongoing discussions related to the composition of state insurance Exchange implementation legislation in Connecticut.

Maximizing Choice of Qualified Private Plans within New State-level Exchanges

We recommend that states promote a broad choice of qualified private insurance plans for eligible small businesses, families, and individuals. That is, a state Exchange should facilitate the availability of health insurance plans that meet federal certification requirements of health plans as qualified health plans and not otherwise seek to exclude plans or limit consumer choices within these new marketplaces. The Administration and Congressional architects of The Patient Protection and Affordable Care Act (P.L. 111-148) and the Health Care and Education Reconciliation Act (P.L. 111-152), jointly referred to as the Affordable Care Act (ACA) have stated as a guiding principle that consumers do better when there is choice and competition and advocated for increasing plan choices for individuals and families.[1] We agree. This is also consistent with the design of one of the most successful Exchange-type models – the Federal Employees Health Benefits Program (FEHBP) – which provides high-quality, comprehensive health insurance coverage to over 9 million federal employees, retirees, and dependents while providing a wide array of private plan options (including national and local plans). Policymakers have long pointed to FEHBP as a model for making high-quality, affordable coverage available to individuals and small businesses. Exchanges that do not offer the full set of qualified plans would limit consumer choice and could significantly diminish the benefits of competition over time.

Structure and Governance

The governance structure of the Exchange will play a significant role in the level of competition that is promoted in the Exchange. PhRMA believes that the Exchange should be housed in an independent public entity (akin to the Security and Exchange Commission) to ensure a mode of recourse for participants. It is essential that the Exchange not be housed in agencies where either regulatory or purchasing conflicts of interest may exist.

In order to safeguard the integrity of the Exchange, it is important that in addition to patient and stakeholder input, the legislature and executive branch maintain a degree of oversight. The Board of the Exchange should report annually to the Governor, Commissioner, and appropriate members of the legislature on the operations of the Exchange, including financial integrity, fee assessments, health plan participation and ratings, enrollee participation and satisfaction, and any other relative items. In addition,

[1] Remarks by the President to a Joint Session of Congress on Health Care; The White House: Office of the Press Secretary; September 9, 2009. "The Senate is Ready to Act on Health Care: Our Reform Plan Will Protect the Market for Innovation." Senator Max Baucus (D-MT); Wall Street Journal Op-Ed; October 15, 2009.

Pharmaceutical Research and Manufacturers of America

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an advisory committee should be created comprised of stakeholders appointed by the Exchange Board and approved by the Governor. Committee members should represent a diverse range of expertise and perspectives including consumers, health plan administrators, advocates for enrolling minority and hard to reach populations, health care providers, and pharmaceutical and medical device manufacturers. The Advisory committee should be available to the Board for consultation on proposed policies, procedures, regulations, fees and other matters regarding the development, implementation, and on-going operations of the Exchange.

Facilitate Transparency and Fairness to Consumers

An insurance Exchange should be administered in a way that is responsive to consumer concerns in order to ensure that quality health care is available in plans offered to state residents. An Exchange should create a process for patients and stakeholders to provide input into the decision-making process, ideally in a public forum. Specifically, state open meetings laws should apply to the meetings of the Exchange Board.

The Exchange offers an opportunity for consumers to select a plan best suited to their individual needs. This cannot be done without access to clear and concise information about benefits, cost-sharing and co-payments, formularies, and appeals processes. Patients should also have access to data on prevention and wellness programs, medication management programs, and programs for addressing chronic conditions. The Exchange website is the primary venue for patients seeking coverage through the Exchange and should provide user-friendly and clear access to this information to empower patients to choose the plan best suited for their individual needs.

Enhance and Build upon the Private Insurer Delivery Model

An insurance Exchange is intended to be a market mechanism for making qualified insurance plans available for purchase by consumers. An Exchange should allow health plans that meet certification requirements to provide coverage and services in the way they believe can provide the best care. Because plans will be accountable for organizing and delivering care effectively (including meeting new standards for quality and patient protections), Exchanges should preserve the availability of plans to organize and contract with providers to deliver medical care and not seek to "carve out" items and services. Carving out services from plans would defeat the point of assuring that plans are accountable for meeting these new standards and assuring high-quality care since they would be unable to manage some services that affect their results on other aspects of care.

TESTIMONY OF
CONNECTICUT HOSPITAL ASSOCIATION
SUBMITTED TO THE
INSURANCE AND REAL ESTATE COMMITTEE
Monday, February 14, 2011

SB 921, AN ACT ESTABLISHING A STATE HEALTH INSURANCE EXCHANGE

The Connecticut Hospital Association (CHA) appreciates the opportunity to submit testimony in support of **SB 921, AN ACT ESTABLISHING A STATE HEALTH INSURANCE EXCHANGE.**

States have a significant role to play in the implementation of the Patient Protection and Affordable Care Act's health insurance market reforms. A key component of the new insurance market is the establishment and operation of an American Health Benefit Exchange for individuals and a small business health options program Exchange for small business groups in each state.

The goals of Exchanges are to reduce the number of individuals without health insurance coverage and to provide a state-level market mechanism to improve access and coverage for individuals and small groups. Robust exchanges will provide individuals the most choices from which to select a healthcare plan that is best for them and their families.

Each state must engage in planning and implementation of the Exchanges so that they are operational on January 1, 2014. Before January 1, 2014 the Department of Health and Human Services will issue guidance to establish standards for the operation of the Exchanges that will include: establishing certification criteria and marketing requirements for qualified health plans; defining the essential benefits package; ensuring that qualified health plans are accredited on clinical quality and other measures; developing a system that will rate qualified health plans relative to quality and prices; and determining the enrollment periods.

CHA supports SB 921 and the creation of robust Exchanges that will have a dramatic impact on healthcare and hospitals in Connecticut. We would like to assist and provide the input of Connecticut hospitals in the development of the Exchanges, and as such, **CHA would respectfully request that SB 921 be amended to provide a representative from CHA on the Connecticut Health Insurance Exchange.**

Thank you for your consideration of our position.

For additional information, contact CHA Government Relations at (203) 294-7310.

JDI:pae

Testimony of Delta Dental of New Jersey, Inc.
Before the Insurance and Real Estate Committee

In support of SB 921 AN ACT ESTABLISHING
A STATE HEALTH INSURANCE EXCHANGE.

February 14, 2011

Delta Dental of New Jersey, Inc ("Delta Dental") is a dental service corporation of the State of New Jersey. Delta Dental Insurance Company is licensed as a health insurer in Connecticut and writes dental insurance coverage in this state. Delta Dental is actively engaged in providing dental benefits administration and claims processing for itself and Delta Dental Insurance Company

Delta Dental supports SB 921 and specifically applauds Section 7 and 8 of the Bill and its express provision for "dental-only" coverage on the Exchange. We believe that this will not only increase options for persons seeking dental benefit coverage, but will also facilitate competition among carriers who provide dental benefit coverage

The requirement that dental coverage offered on the Exchange be separately offered and priced would enable purchasers the freedom to choose the coverage which is best for them after taking into account the carrier's dental benefit design, the affordability of the plan, and the size and breadth of the carrier's dental network. Such competition and transparency would benefit all purchasers of dental coverage in this State

Respectfully submitted,

Delta Dental of New Jersey, Inc

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CBIA

CONNECTICUT BUSINESS & INDUSTRY ASSOCIATION

TESTIMONY
BEFORE THE
PUBLIC HEALTH, INSURANCE AND REAL ESTATE
AND HUMAN SERVICES COMMITTEES
LEGISLATIVE OFFICE BUILDING
FEBRUARY 14, 2011

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.

While the federal government has passed health care reform, more needs to be done to lower costs. 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.

With that, we would like to offer our comments on **SB-921, An Act Establishing a State Health Insurance Exchange.**

The Patient Protection and Affordable Care Act (PPACA) requires all states to establish a health insurance marketplace (known as an exchange) by 2014. Among other considerations, the State would have the ability to opt to have one exchange for both the individual and group markets or to have two tandem exchanges servicing each of these populations.

As you move forward with establishing Connecticut's health insurance exchange, we strongly urge you to craft it in a way that preserves and strengthens our private sector system of health care since it is a critical economic base in our state.

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At a recent press conference, Governor Malloy said that he intends to grow the insurance industry, which is a key economic industry in our state. Governor Malloy cited the fact that the industry has lost about one quarter of its workforce over the last 20 years. He said, and we fully agree, that this trend of job-loss must be ended and reversed.

Again, thank you for the opportunity to offer CBIA's comments on this legislation. I look forward to working with you on this and other issues related to the reforming Connecticut's health care system.

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AARP Testimony
S.B. 921—An Act Establishing A State Health Insurance Exchange
February 14, 2011

Good morning. My name is Lance Q. Johnson and as an AARP volunteer I am here representing nearly 600,000 members of AARP in the state, but I also speak as a consumer advocating for a more affordable, quality health care system in Connecticut. The State Health Insurance Exchange proposals being considered today are a centerpiece of the Affordable Care Act.

AARP has a strong interest in the creation and development of State Health Insurance Exchanges that are ***consumer friendly***. We believe that the Exchange should ensure that all policy and operational choices are considered through the lens of the consumer and that decisions are made based on the consumer's best interest. Guided by these principles, we raise the following concerns with S.B. 921. Our comments focus on the Governance, Operations, Possibility of Adverse Selection and Consumer Outreach.

AARP Supporting a Governing Structure that Includes Strong Consumer Representation and Avoids Potential Conflict of Interest

The governing bodies should include strong consumer representation and also provide the opportunity for additional issue-specific working or advisory groups to be created and to give ongoing input into the process. To avoid conflicts of interest, the governing board should not include insurers or health care providers that would be subject to regulation and oversight by the Exchange. AARP believes this can be achieved by adopting language similar to California's law, which states:

> ..A member of the board or of the staff of the Exchange shall not be employed by, a consultant to, a member of the board of directors of, affiliated with, or otherwise a representative of, a carrier or other insurer, an agent or broker, a health care provider, or a health care facility or health clinic while serving on the board or on the staff of the Exchange. A member of the board or of the staff of the Exchange shall not be a member, a board member, or an employee of a trade association of carriers, health facilities, health clinics, or health care providers while serving on the board or on the staff of the Exchange. A member of the board or of the staff of the Exchange shall not be a health care provider unless he or she receives no compensation for rendering services as a health care provider and does not have an ownership interest in a professional health care practice...

While S.B. 921 has provision on abstaining from votes where there are conflicts, the group dynamic of a board can result in the insurance and medical representatives influencing the others on key issues including: which insurance companies to allow into the exchange, premium amounts, medical payment rates, covered services, etc. AARP believes that the interests of insurers and health care providers can be appropriately represented through advisory bodies and we have

To encourage competition and to facilitate consumers' ability to select plans, the number of insurance providers should be limited. Limiting the number of insurance providers and products will allow consumers to make direct comparisons.

The Exchange should also establish systems to assist consumers with disputes or problems regarding coverage, access, quality, and customer service. Ongoing active oversight will be needed to ensure that plans' networks of health care providers are constructed and maintained based on objective quality data and that networks provide timely access to health care services.

AARP Supports Safeguards Against Adverse Selection & Unfair Compeititon from Non-Exchange Insurers/Plans

S.B. 921 should establish policies and procedures to prevent adverse selection and ensure the viability and stability of the Exchange. There must be a level playing field between products offered through the Exchange and by non-Exchange insurers. Otherwise, non-Exchange plans and insurers could attract a younger, healthier population, leaving the Exchange with a higher risk pool that will threaten its long-term viability.

AARP Strongly Encourages Broad Outreach Across a Variety of Communication Streams

Establishing an easy-to-use and accessible online presence, along with telephone and in-person opportunities to gather information and enroll in the Exchange will be valuable in reaching out to the targeted populations and ensuring that compliance and enrollment is as simple as possible. This is particularly important for populations that will be eligible for public programs, both state and federally funded, as streamlined enrollments and applications are an aspect of the Affordable Care Act. Also, consumer education and outreach must fully utilize a variety of communication streams: electronic, mail, radio/TV advertisements, and targeted community outreach programs.

Conclusion

With the passage of the Affordable Care Act, Americans have a new opportunity to extend health coverage and access to those who have found obtaining health insurance too difficult, too challenging, or too expensive. We believe that Exchanges are vital in the effort to extend health coverage, while improving access and affordability for those already in the individual and small group markets. We also believe that each state, with insight and feedback from consumers and consumer advocates, is well positioned to develop its own Exchange. AARP looks forward to working with the Administration and members of the legislature to help develop an Exchange that is viable and effective in delivering quality, affordable health care.

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Connecticut State Medical Society

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Connecticut State Medical Society Testimony
Senate Bill 921 An Act Concerning A State Health Insurance Exchange
House Bill 6323 An Act Making Changes to the Insurance Statutes Pursuant to the Federal Patient Protection and Accountable Care Act and Establishment of a State Health Partnership Program
Human Services Committee, Insurance and Real Estate Committee and Public Health Committee
February 14, 2011

Senators Crisco, Musto and Stillman, Representatives Megna, Tercyiak, Ritter and members of the Insurance and Real Estate, Human Services and Public Health Committees, my name is Matthew Katz and I am the executive vice president of the Connecticut State Medical Society (CSMS). On behalf of our more than 7,000 physicians and physician–in-training members, thank you for the opportunity to present this testimony to you today on Senate Bill 921 Ac Act Concerning A State Health Insurance Exchange and House Bill 6323 An Act Making Conforming Changes to the Insurance Statutes Pursuant to the Federal Patient Protection and Accountable Care Act, and Establishment of a State Health Partnership Program. We have before us an opportunity to ensure that under your leadership, the state of Connecticut remains at the forefront of health system reform and continues to improve and increase health insurance coverage to Connecticut's residents, and more importantly access to medically necessary services.

The most important message I can impart upon you today is that CSMS wholeheartedly supports the establishment of an exchange at the state level rather than defaulting to the federal government model. The decisions as to what is best for the physicians, patients and residents of Connecticut are too important to be made in Washington: we need to have the control and authority at the state level to make decisions that best represent the current health insurance market and medical practice environment in this state. A state-level exchange would allow all stakeholders in Connecticut, such as a spectrum of physicians practicing in different specialties and care sites, to determine what is best for our state and the patients who need to access medical care.

I am here before you today on behalf of our members to tell you that physician involvement in the development of a state-level insurance exchange is not only critical, but essential for the effective management and implementation of such an entity in Connecticut. As drafted, only one appointment in either proposal exists for "a person representing health care providers." While all providers add value to the system, it is imperative that at least one spot exists for a **privately practicing physician** with an understanding of insurance delivery and benefits at the practice level – where medical care is determined and provided. This appointment should not be limited to any one specialty of physician, but should be a practicing physician who experiences what it is like today to assist patients in navigating the complicated maze of medical benefit structure and design to deliver medically necessary care.

The establishment of the exchange offers us an opportunity to do what is right for the people of Connecticut. However, in the establishment of qualified plans the development of an exchange also presents a challenge. It is imperative that when faced with that challenge, Connecticut guarantees that

participating plans adhere to the hard-fought patient protections that currently exist in statute. The development of an exchange is not an excuse to eviscerate patient protections. Health plans in the exchange should and must abide by the same high standards tied to Connecticut statutes and regulations that we ask health insurers to comply with today. Qualifying plans must conform to the appropriate definition of medical necessity as established in statute of by the Medical Inefficiency Committee for HUSKY and Charter Oak plans.

Again, thank you for the opportunity to present this testimony to you today. Our physicians stand at the ready to assist in the development of an appropriate exchange and seek for comprehensive representation that allows them to do so.

NEW HAVEN LEGAL ASSISTANCE ASSOCIATION, INC.

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February 14, 2011

TESTIMONY OF SHELDON TOUBMAN REGARDING SB 921, HB 6323 AND HB 6305 (INCLUDING BASIC HEALTH PLAN FOR LOW-INCOME INDIVIDUALS)

Good afternoon, Members of the Insurance and Real Estate, Human Services and Public Health Committees:

My name is Sheldon Toubman, and I am a staff attorney with New Haven Legal Assistance Association. I am testifying today regarding SB 921, HB 6323 and HB 6305, and particularly in support of the latter bill's critical inclusion of protective language regarding enrollment of low-income adults into a Basic Health Plan in lieu of enrollment into the new state health insurance exchange addressed in SB 921 and HB 6323.

First, I wish to express support for the effort to move to universal health care and the inclusion of a public option in doing so, as provided in the SustiNet Bill, HB 6305. SustiNet essentially takes the advances provided under federal health care reform and improves on them by allowing uninsured individuals to choose an efficient public plan, among other insurance options included in the new exchange.

Second, in moving in this direction, the SustiNet Board of Directors recognized that, for low-income individuals, a move into the health insurance exchange would not be satisfactory, because, among other things, the cost sharing would be too high -- even with the federal subsidies which will be available under the Patient Protection and Affordable Care Act (PPACA). For that reason, it included an important provision exercising an option available to the states under the PPACA - the establishment of a Basic Health Plan (BHP) for all adults up to 200% of the federal poverty level (children will continue to be covered either under Medicaid or the SCHIP program, known in Connecticut as HUSKY B). Particularly for **non-parent** adults who are above the very low income threshold for adults not on Medicaid/HUSKY A (which is only for children, pregnant women and parents of minor children), currently set at about 80% of the federal poverty level, the Basic Health Plan will provide coverage not currently available.

Third, while the Basic Health Plan will provide insurance not currently available to these non-parent adults, for parents of minor children whose income is between 133% and 185% of the federal poverty level and who do currently receive all their health care (without copays) through Medicaid, the move to this option must come with basic protections to ensure they continue to receive all the same benefits, protections from cost-sharing and consumer protections they now have under Medicaid. Please keep in mind that Connecticut actually has the **choice** to continue providing services to these adults under the Medicaid/HUSKY A program, at the same federal match rate we have always had, 50%. The PPACA in no way interferes with this state prerogative. All things being equal, we would prefer that these individuals stay on Medicaid so that all the long-standing federal Medicaid substantive and procedural protections will be guaranteed to apply to them in the future.

Nevertheless, recognizing that substantial savings will come to the state from moving this particular Medicaid population, as well as low-income adults not currently eligible for Medicaid, to the Basic Health Plan, we can support this move **if** the critical protections in Section 7 of HB 6305 are included in the final legislation:

"Medical assistance provided through the basic health plan shall include all benefits, limits on cost-sharing and other consumer safeguards that apply to medical assistance provided in accordance with Title XIX of the Social Security Act."

If these basic protections remain intact for all enrollees in the Basic Health Plan, we can fully support the SustiNet bill, including the creation of the Basic Health Plan and the movement of some adults currently on Medicaid into it. We strongly urge that the final legislation coming out of your committees include this language verbatim.

Thank you for the opportunity to speak with you today.

Legal Assistance Resource Center ❖ of Connecticut, Inc. ❖

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Testimony before the Insurance and Real Estate, Human Services and Public Health Committees on RB 921, 6305 and 6323

by Jane McNichol, Executive Director
February 14, 2011

I am Jane McNichol, Executive Director of the Legal Assistance Resource Center of Connecticut, the advocacy and support center for legal services programs in the state. We represent the interests of very-low income residents of Connecticut.

I am here to support the important movement toward universal health care embodied in both the SustiNet legislation (RB 6305) and the bills which implement aspects of federal health care reform (RB 921 and 6323). As we move closer to universal coverage, it is vitally important that we also ensure that **health insurance coverage** is coupled with **access to affordable, quality health care.**

As an advocate for low-income people who most often rely on Medicaid or Medicare for health care coverage, I want to emphasize the importance of including a **Basic Health Plan designed to meet the particular needs of low-income residents of Connecticut as we implement the Affordable Care Act.**

The Basic Health Plan option was designed to ensure that high-cost states, like Connecticut, could design programs for low-income residents with incomes above 133% of the federal poverty level who would find the cost of obtaining health care through the exchange prohibitive, even with the federal subsidies.

The Basic Health Plan option allows states to set up a program, outside the exchange, for residents with incomes between 133% and 200% of the federal poverty level. **Sections 7 and 8 of the SustiNet implementation bill contain a mandate for a Basic Health Plan which will provide Medicaid-like benefits to residents with incomes between 133% and 200% of the federal poverty level.**

This is a particularly important protection for **parents and caregivers of children covered by HUSKY A (Medicaid)**. Currently, children and their parents in families with incomes up to 185% of the federal poverty level are eligible for HUSKY A.

In 2014, Connecticut will have the option of continuing this parental coverage under Medicaid. But there is a significant financial incentive to end Medicaid coverage at 133% of the federal poverty level.

To ensure that these parents do not lose health care benefits currently available to them, including the benefits of limited cost sharing requirements, Connecticut must continue coverage to HUSKY parents at 185% of the federal poverty level or establish a Basic Health Plan with features that parallel Medicaid. The SustiNet Plan in RB 6305 recognizes the need for the Basic Health Plan option in Connecticut.

Neither of the bills establishing the Health Insurance Exchange being heard today discuss this option, or require its adoption.

It is appropriate and necessary to include a Basic Health Plan option in any legislation authorizing an Exchange because the Basic Health Plan impacts the design of the Exchange. Developing our response to federal health care reform requires that we consider in its entirety the system of health care coverage for Connecticut residents in 2014 and avoid the piecemeal approach to health care coverage that we are now living with.

I urge you to add the option of a Basic Health Plan as described in Section 7 of RB 6305 to any legislation authorizing the establishment of a Health Insurance Exchange.

Thank you for your attention to this issue and your work on the important issue of health care reform.

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Testimony of Jennifer C. Jaff, Esq.
Executive Director
Advocacy for Patients with Chronic Illness
In Support of Raised Bill Nos. 921 and 6323

February 14, 2011

Good afternoon. We appreciate this opportunity to submit written testimony to the Insurance and Real Estate Committee in support of Raised Bill Nos. 921 and 6323, both of which would establish an Exchange for purposes of implementation of the Patient Protection and Affordable Care Act (PPACA).

Advocacy for Patients with Chronic Illness provides free information, advice and advocacy services to patients with chronic illnesses, including chronic mental illnesses. In particular, we get hundreds of calls from consumers asking for help in identifying their insurance options. We base our comments on this experience.

Both Bills would establish a health insurance Exchange, consistent with the provisions of PPACA. They overlap to a very large extent, and based on our coalition work on a national level, we can say that they are similar to the implementation efforts of other States. There are some notable differences, though, and some respects in which both Bills could be strengthened.

For example, Raised Bill No. 6323, section 15(a)(16) states that the Exchange can limit the number of plans offered, and use selective criteria in determining which plans to offer, through the exchange, provided consumers have an adequate number and selection of choices. Raised Bill No. 921 does not so authorize the Exchange. As a general rule, we prefer to offer consumers as many options as are available. However, health insurance is complicated and consumers are easily overwhelmed. We know from the Medicare Part D experience that providing consumers with too many plans often resulted in the lack of informed choice by consumers, who simply gave up trying to compare plans and just chose one – often the wrong one for them. As long as appropriate selective criteria are used by the Exchange, we feel that some selectivity is appropriate.

We also feel strongly that the conflict of interest provisions of Raised Bill No. 6323 are superior to those of Raised Bill No. 921. Section 14(b)(3) of Raised Bill No. 6323 provides that no Director may be an employee of, or consultant to, an insurer, broker, health care provider, or health care facility; nor may they be a member of a trade association of insurers, brokers, or health care providers; and no Director shall be a health care provider who is compensated as such. Section 2(g) of Raised Bill No. 921 states only that there is no conflict of interest as long as a Director recuses him or herself from consideration of issues involving a firm or corporation in which the Director is a trustee, director, partner or officer, and it does not address the status of employees of interested firms or corporations. We feel strongly that no employee, officer, director, member, or trustee of any person, firm or corporation that wishes to sell a product on the Exchange should be a Director of the Exchange.

In addition, Raised Bill No. 6323, section 16 provides a far more detailed list of the tasks the Exchange must undertake in order to fully realize the "consumer-focused requirements of the Affordable Care Act." All of these are critical. Raised Bill No. 921 provides for a website and telephone hotline, but it does not include written materials that take into consideration different reading levels and internet skills (although it does require that all information be presented in a way that is culturally and linguistically appropriate), nor does it provide for in-person consultations. We strongly support an Exchange that includes all of the consumer protections set forth in Raised Bill No. 6323.

Further, Raised Bill No. 6323, section 16(d) provides for the establishment of a standing consumer advisory committee to provide input to the Exchange's Board of Directors. No such provision is found in Raised Bill No. 921. Since the Exchange is, in essence, the marketplace for consumers to use to obtain information about, and to select, health insurance, consumers' input is critical and should be required.

Finally, although perhaps regulations were contemplated, we feel that it is imperative that the Exchange fully inform consumers about their insurance options. A list of benefits, quality ratings, and premium prices is not enough. All limits on benefits should be expressly stated. For example, it should not be enough to state that physical therapy is a covered benefit if the policy only covers 20 physical therapy visits per year, or if physical therapy is only covered as long as the patient continues to show improvement. A prescription drug plan that uses a formulary should be required to link to their formulary so that consumers can determine whether their medications are covered under a particular plan. If there are restrictions on the use of medications – for example, if there is a prior authorization requirement or if the medication is only allowed after other medications have been tried and failed – that should be disclosed. Whether or not a plan covers out of network benefits also should be clear from the information on the Exchange, and consumers should be able to access the plan's network list to determine whether their physician is participating in the plan.

We suggest that, once a consumer chooses a plan but before the consumer finalizes that choice, the Exchange automatically should display the two most similar plans and inform the consumer of the differences. For example, there may be a plan that costs $10 less per month that has no difference in coverage. There may be a plan that costs the same but has no limit on physical therapy benefits, whereas the chosen plan does have such a limit. Or the only difference may be one in network or formulary. This next-to-final step in the plan selection process will ensure that consumers are considering their options carefully, and will guard against buyer's remorse.

Finally, we strongly suggest that plans not be permitted to change coverage in the middle of a plan year. For example, no plan should be allowed to remove a medication from its formulary in the middle of a year, or even change what tier the medication is in. This is the only way to guarantee that consumer choice be as meaningful as possible.

We hope that these comments are helpful in designing an Exchange that will meet the needs of Connecticut's consumers. Thank you.

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Written Comments of America's Health Insurance Plans
Insurance and Real Estate Committee
Public Health Committee
Human Services Committee
Public Hearing February 14, 2011

America's Health Insurance Plans (AHIP) appreciates this opportunity to present testimony on HB 6305 AAC Implementation of the SustiNet Health Plan. AHIP is the national association representing approximately 1,300 health insurance plans that provide coverage to more than 200 million Americans. Our members offer a broad range of insurance products. Our member companies and our staff have been working diligently to implement federal Affordable Care Act (ACA) health care reform in the states, to create the market-based system contemplated in ACA that will continue efforts begun first many years ago in Connecticut to ensure access to coverage to all citizens. Working with the Connecticut Association of Health Plans and our member companies in Connecticut, we have retained a well-known consulting firm to develop an objective analysis of both the SustiNet study/report and the SustiNet legislation that will be useful to the legislature, administration and others and hope to have that analysis to you next week.

As mentioned, Connecticut has always been a leader in developing market-based solutions to health insurance problems, using the expertise of the large local industry to help fashion solutions that will work. Going as far back as the 1970s when the Health Reinsurance Association was created to provide access to high risk individuals, to the enactment of small employer health insurance reform in 1990, the first such reform in the nation that served as a model for the rest of the nation, Connecticut government and industry have always worked together to find solutions that will work. Unfortunately, the SustiNet model, as reflected in this bill, rejects the successful approaches of the past and turns to an approach, the public option, that has been rejected at the federal level. **AHIP cannot support a bill containing a public option.**

We believe that a public option is not necessary and that the SustiNet approach to bringing more populations into the state's self-insured program will create serious budget risks, both to start up and administer such coverage programs and in bearing the full risk of the newer covered populations. It will also threaten thousands of jobs of Connecticut citizens currently employed in the health insurance industry. We are also very concerned that the savings projected for SustiNet, other than those that come from federal ACA funds that would come to Connecticut without SustiNet, could only be achieved through tighter control of provider reimbursements as are now seen in Medicaid. That approach will increase the cost shift to those employers and individuals still purchasing private coverage and exacerbate the ongoing challenge of the state to develop adequate networks for its programs.

We urge the committees to be open-minded as you move forward with this historic effort, to take advantage of the expertise that you have readily available to you from our industry and to fashion a market based solution that is more consistent with federal reform, one that reflects Connecticut's long history of forging solutions that work in the real world, stand the test of time and serve as a model for all the other states.

RB 921 AA Establishing A State Health Insurance Exchange is an example of a bill that better addresses the need to get directly at implementing federal reform. It is generally consistent with exchange legislation

drafted by the National Association of Insurance Commissioners and bills that we have seen in other states and provides a balanced approach to establishing an exchange. Our policy staff at AHIP and our member companies in Connecticut have spent an enormous amount of time working on exchange issues across the country and look forward to working with you to crafting an exchange in Connecticut.

America's Health Insurance Plans
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FREEDOM OF INFORMATION COMMISSION STATEMENT REGARDING RB 6305 AN ACT CONCERNING IMPLEMENTATION OF THE SUSTINET PLAN

The stated purpose of this bill is to implement the SustiNet Plan. While the Freedom of Information ("FOI") Commission applauds both the authors of the Sustinet Plan and of this bill for acknowledging in Section 3, subsection (a) (lines 81-89) that the SustinNet Plan Authority is a political subdivision of the State of Connecticut, and is thereby subject to the open government provisions of the Freedom of Information ("FOI") Act, the FOI Commission has some questions concerning subsection (q) of that same section. Subsection (q) states that the authority will be subject to chapter 14 of the general statutes (the FOI Act), but then states that several items shall be exempt and not subject to disclosure.

The FOI Commission is concerned that the exemptions to disclosure set forth in Section 3(q) may be unnecessarily broad (lines 245-257). For example, (1) exempts the names and applications of SustiNet Plan enrollees. Why is it necessary to exempt the names of persons enrolled in this governmental program? Also, to the extent information contained in the application is personal or medical in nature, such information, would likely be exempt from disclosure pursuant to Conn. Gen. Stat. 1-210(b)(2). Also, with regard to item (3), it is unclear why it is necessary to protect provider negotiations and compensation arrangements. Shouldn't the public know what those arrangements are? Finally, (4) exempts information obtained through "confidentiality agreements" entered into pursuant to the provisions of section 10 of the bill. The scope and breadth of such confidentiality needs to be better defined. At present the language in Section 10. (lines 685-692) simply references confidentiality agreements that are in "conformance" with the Health Insurance Portability and Accountability Act of 1996 (HIPAA). Thought ought to be given about what this means and how broad such confidentiality agreements will go. Ordinarily, and for good reason, contract provisions cannot supersede the FOI Act - only federal law and state statute can.

In short, the FOI Commission urges further review of these provisions as they relate to the transparency of this monumental governmental program. It would welcome the opportunity to further discuss these provisions with the authors of this bill.

To the extent House Bill 6323, An Act Making Conforming Changes to the Insurance Statutes Pursuant to the Federal Patient Protection and Affordable Care Act, and Establish a State Health Partnership Program, has similar provisions to RB 6305, relative to the Connecticut Health Exchange (see Section 14, lines 661-670 and 834-844), the FOI Commission reiterates its position above, with respect to such provisions. Finally, the FOI Commission notes that Senate Bill 921, An Act Establishing a State Health Insurance Exchange does not definitively indicate whether the Exchange will be subject to the provisions of Chapter 14 (the FOI Act), although it does indicate it will be a "political subdivision of the state" (see Section 2, lines 121-127). Although such language would be sufficient to find that the entity is subject to the FOI Act were a case brought to the FOI Commission, it might be worthwhile to precisely state that the

Connecticut Health Insurance Exchange will be subject to the FOI Act, to avoid any confusion in this regard. The FOI Commission further notes that this bill does not contain the exemptions to disclosure set forth in RB 6305 and HB 6323; therefore the comments with respect to such exemptions are inapplicable to this bill.

Contact: Colleen M. Murphy, Executive Director and General Counsel, Freedom of Information Commission, 860-566-5682

This legislation, H.B. 6305, is built on many assumptions that may not be realistic. It is unlikely that Connecticut can afford the level of care proposed and that privacy can be maintained while moving electronic health records all over the internet to the many employees of all the companies involved in their use. If this morass of laws is implemented as conceived, we will be substituting another set of problems for the ones we currently have. And our current way of life will be changed. We will be closer to what was described in Orwell's 1984. If you think that is crazy, you may not understand all of the ramifications or unintended consequences of this seemingly noble legislation.

The State believes that it will increase your health and lower the cost of your care, if you stop smoking and loose excess weight, and therefore it has the right to monitor the progress you and your doctor are making in following its guidelines in that regard and in all treatments. So through your electronic health record, the State will be with you in the exam room. Your physician can loose their job if you do not cooperate, but perhaps they can stay with SustiNet if they prove they tried hard enough to get you to follow guidelines. One example of the law is: "Providers that do not make progress toward reducing disparities, defined as achieving specified benchmarks within a specified timeframe, may be removed from the plan network." So gone will be the days of a private relationship between you and your doctor, deciding upon your health care. Many in the state such as the public health agencies, researchers, and providers will know about your diseases, etc. They can know whether or not you had a sexually transmitted disease in high school, or whether you terminated a pregnancy, and certainly if you smoke.

To say that all of this will work financially, based on Jon Gruber's economics, is a stretch, given that he represents one end of spectrum. To base far reaching state legislation on what its supporters would like to hear, is questionable judgment. It is hard to believe that Connecticut could have enough money to give such total care as proposed. The administrative costs of all the agencies involved, the cost of the medical homes providing 24/7 care, preventive care programs, and electronic health records would be enormous. Where EHRs and medical homes can really save money is with the elderly who are not part of this program. Paying primary care physicians more for their time (as in the 1980's) may go a long way to giving patients more coordinated care. Getting care to the underserved is needed, but must be done in a way that maintains civil rights.

What does it mean to our economic system that there is the proposal to relax antitrust legislation? Is this needed so that the State, hospitals and providers can engage in price fixing? Will his now allow physicians to argue insurance company and managed care company reimbursements? (Along those lines in S.B. 921, if the state insurance exchange receives tax relief, will that undermine the ability of private insurers to compete?)

Basically the law calls for the medical field to be singled out to be regulated by the State. Providers, for example, will receive "reasonable" reimbursement. Let's say lawyers make

around $300 per hour for all work, paper work and conversations. Will providers be paid comparably for their 24/7 responsibility?

If there is to be the broadening of the "permitted scope of practice for non-physician providers" to provide care, will they be equally liable as a physician? If a symptom is missed and not reported to the primary care physician or if he or she is not notified of a positive finding on a lab report or xray report, who will be held liable for the oversight? Will a supervising physician be made ultimately liable for a large group of patients, even if he or she is not directly involved in many aspects of their care, and thus may have had no knowledge of an error nor was the cause of it?

The goal of the SustiNet legislation (and The SustiNet HIT Advisory Committee's Approach) is to have computerized medical care treatment plans just about mandated by the appointed bureaucrats. Physicians will be allowed to advise on the guidelines chosen and can modify treatment for an individual patient after documenting the reason for the deviation. If they do so, will they be subject to more liability than the provider who just followed the guidelines that fit the groups of patients studied?

The right of consent over who sees our medical records was removed in 2002 by HHS and not restored (see patientprivacyrights.org). In fact, ARRA of February, 2009 mandates that all have an electronic health record to be sent to the federal government for their research, medical care or public health needs. SustiNet has the same intention to have all personal medical data and demographics centralized in one chart for similar purposes. That means that our whole personal life will be an open book to whomever the government rules has authority to read our chars. Worse, Federal regulations say that a breach of the data cannot be prosecuted as such if it occurred inadvertently by an authorized employee involved in processing the charts, research, medical care, public health, etc. Also it is a subject of debate as to what constitutes a harmful enough breach for you to even be notified.

So eventually the public will discover that in reality they have no privacy once all these Health Information Technology policies are implemented. It sounds great to have all this knowledge of people to use for medical care, but with that comes power. No one can guarantee that it will never be used against a person in getting a job, etc. We all know how hackers can get into any online data. And even if data is sent without identifying data, which is not specified in the legislation, it can fairly easily be re-identified by hackers' efforts. It was just in the news that the confidential health data of about 1.7 million patients, staff and others were stolen in New York. Will SustiNet patients be able to decide if their medical information (or what part of it) is transmitted on line or not? Will patients be fully informed about where all their data will be sent for use and to how many people?

We do not want to see the dream of universal health care turn into a nightmare that this legislation may bring.

Thank you for this opportunity.

Susan Israel, MD

CONNECTICUT
VOICES
FOR CHILDREN

Testimony Regarding
H.B. 6305: An Act Concerning Implementation of the Sustinet Plan
Sharon D. Langer
Insurance and Real Estate, Human Services, and Public Health Committees
February 14, 2011

Senator Crisco, Representative Megna, Senator Musto, Representative Tercyak, Senator Stillman, Representative Ritter and Members of the Insurance & Real Estate, Human Services, and Public Health Committees:

I am testifying today on behalf of Connecticut Voices for Children, a research-based public education and advocacy organization that works statewide to promote the well-being of Connecticut's children, youth, and families. I am a Senior Policy Fellow, concentrating in policy analysis and advocacy related to Medicaid and HUSKY health insurance programs for low-income families and children.

H.B. 6305, *An Act Concerning Implementation of the Sustinet Plan* has major implications for the low-income parents, pregnant women, and children currently eligible for Medicaid (HUSKY A) and the Children's Health Insurance Program (HUSKY B).

We applaud the emphasis on improving coverage, access to primary care and quality improvements in the Sustinet legislation that would provide incentives for patient-centered medical homes, prevention, comprehensive benefits, and payment reform. It also incorporates the navigator system envisioned by the Affordable Care Act that would assist consumers in understanding and accessing coverage options. Coordination of the Exchange and public health coverage programs is crucial to success. The state needs to speed up its modernization efforts, take advantage of the federal government's offer to pay 90% to improve its eligibility management system (EMS), and any other opportunities to improve coordination between the Exchange and Medicaid/HUSKY/Charter Oak. Otherwise, we will not be able to keep families continuously insured regardless of their change in financial or other circumstances. Continuous coverage is an important goal of reform and research shows that keeping families covered improves their access to regular and cost-effective care.

Basic Health Plan (BH Plan)

We support the inclusion of the BH plan as set forth in H.B. 6305, Sec. 7., in state health reform legislation. It is missing, however, from S.B. 921. As of January 1, 2014, Connecticut will no longer be required to cover parents, caretaker relatives and pregnant women above 133% of federal poverty level in HUSKY A (Medicaid). We currently cover parents and caretaker relatives up to 185% FPL (at the same level as children under 19 in HUSKY A), and cover pregnant women up to 250% FPL under HUSKY A. Children under 19 in HUSKY are eligible regardless of income although their families contribute to the cost of care at higher income limits. The state is required to retain children in Medicaid and CHIP (HUSKY B) until 2019. As a result of HUSKY, we have nearly universal coverage for children.

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The State will have several options to choose from in determining how low-income adults will access health coverage. The BH plan provides the best protection for low-income HUSKY parents with income above 133% FPL. Since the federal government will pay 100% of the BH plan, this is also the most fiscally prudent option for the State.

While the state could keep these HUSKY parents covered in Medicaid after 2014, the state would continue to share the cost with the federal government, receiving 50 cents on the dollar for the state's Medicaid expenditures. We would certainly support such a decision but recognize that the State's fiscal situation makes such a decision unlikely.

These adults could also be moved into the Exchange where the federal government would provide subsidies for individuals with family income below 400% FPL. See, Center for Children and Families, *Health Insurance Exchanges: New Coverage Options for Children and Families* (August 2010), available at http://ccf.georgetown.edu However, we agree with the Sustinet Health Partnership Board of Directors that the federal subsidies are not sufficient to make coverage affordable to individuals with income between 133% and 200% FPL – the group that will benefit from coverage through a BH plan. See, *Report to the General Assembly from the SustiNet Health Partnership Board of Directors* (January 2011), available at http://www.ct.gov/sustinet/lib/sustinet/sn.final_report appendix cga.010711 pdf

Our support for the BH plan is also predicated on including the protections set forth in H.B. 6305, i.e., "the basic health plan shall include all benefits, limits on cost-sharing and other consumer safeguards that apply to medical assistance provided in accordance with [Medicaid]." In addition, the Sustinet bill rightly requires that any "excess. . . funds" shall be used to increase reimbursement rates for providers serving individuals" in the BH plan.

It is anticipated that the federal funding that the state receives for the BH plan will in fact exceed the amount of money that is currently available under Medicaid for these individuals. The amount of money that the state receives each year for the BH plan is 95% of the subsidies and other cost-sharing assistance at a particular premium level that individuals would otherwise receive in the Exchange. The state is required by federal law to set aside the funding for the BH plan in a trust fund that may only be used for the BH plan. Think of it is a fund not unlike Unemployment Insurance that cannot be siphoned off for other uses.

See attached chart for a comparison of the income eligibility, costs to individuals and the state, and benefits for adults currently covered under HUSKY A and the options available under health reform.

HUSKY Plus

The Sustinet legislation, H.B. 6305, Sec. 6 sets forth Sustinet Plans A through G. We note that this denomination could be very confusing to the general public since we have spent years, for example, using the term HUSKY to rebrand Medicaid for low income families and CHIP coverage for kids. Under this proposal, it appears that the public will have to learn a whole new vernacular.

We do have another more specific concern about this section. HUSKY Plus is described as a separate Sustinet plan, i.e., "Sustinet C". Section 6(a)(3). We think this makes little sense. While we agree that access to the HUSKY Plus wraparound services available to HUSKY B children with special health care needs should be retained, we do not believe that they should be provided through a *separate* Sustinet plan. Given that the Governor recently announced that HUSKY medical services will be provided through a non-risk administrative services organization model rather than through the current capitated risk-based managed care model, HUSKY Plus services will no longer be "carved out" from managed care. Once the ASO model is in place, the HUSKY Plus services would no longer have to be provided as a separate package of benefits. HUSKY Plus is not a separate plan but a package of additional services that certain HUSKY B children may access depending on income and need.

Cost-Sharing

We would like to point out that there appears to be a typographical error in Sec. 18 of H.B. 6305. The word "not" is missing. The sentence should read as follows (addition in bold and underlined):

(a) . . . Notwithstanding the provisions of this subsection, Medicaid, HUSKY Plan Part A and Part B, HUSKY Plus and Charter Oak Health Plan cost-sharing provisions shall **not** be established by the authority but instead shall be established pursuant to the general statutes."

Thank you for this opportunity to testify regarding H.B. 6305. If you have questions or need additional information, please do not hesitate to contact me.

		Options for Connecticut under ACA		
	HUSKY Program (Current coverage)	**Option 1 Medicaid**	**Option 2 Basic Health Plan**	**Option 3 Health Insurance Exchange**
Income eligibility				
Parents	Up to 185% FPL	Up to 185% FPL	133-200% FPL	up to 400% FPL
Pregnant women	Up to 250% FPL	Up to 250% FPL	133-200% FPL	up to 400% FPL
Cost				
Individual	No cost	No cost	No cost if aligned With Medicaid*	Monthly premium TBD
State	50%	50%	-0-	-0-
Federal	50%	50%	100%	100% for subsidies
Benefits	Comprehensive	Comprehensive	Aligned with Medicaid*	Must meet "essential benefits" **

* H.B. 6305 envisions that the Basic Health plan would provide the same cost-sharing protections and benefit package as Connecticut's Medicaid program.
** Essential benefits must meet federally defined minimum standards.

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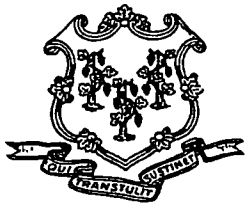

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State of Connecticut
SENATOR DONALD E. WILLIAMS, JR.
Twenty-ninth District
President Pro Tempore

Testimony of Senator Donald E. Williams, Jr.

Before the Human Services, Insurance and Real Estate and Public Health Committees

February 14, 2011

On **House Bill 6305**, *An Act Concerning the Implementation of the SustiNet Plan*, **Senate Bill 921**, *An Act Establishing A State Health Insurance Exchange*, and **House Bill No. 6323**, *An Act Making Conforming Changes To The Insurance Statutes Pursuant To The Federal Patient Protection And Affordable Care Act, And Establishing A State Health Partnership Program.*

Senators Musto, Crisco and Stillman, Representatives Tercyak, Megna and Ritter, and distinguished members of the Human Services, Insurance and Real Estate and Public Health Committees:

Thank you for the opportunity to testify today on House Bill 6305, *An Act Concerning the Implementation of the SustiNet Plan*, Senate Bill 921, *An Act Establishing A State Health Insurance Exchange*, and House Bill 6323, *An Act Making Conforming Changes To The Insurance Statutes Pursuant To The Federal Patient Protection And Affordable Care Act, And Establishing A State Health Partnership Program.*

As we all know, health care quality, health care access and health care costs are among the most pressing issues facing individuals and businesses here in Connecticut and across the country. According to the Kaiser Family Foundation, 11% of Connecticut residents were uninsured in 2009 – that is 380,400 Connecticut residents. Further, the rising costs to those with insurance – whether to individuals or to employers – are clearly unsustainable. Health care has become not just a matter of personal well being, but of economic stability and job growth as well. Thus, I commend you all for scheduling this joint hearing early in the legislative session to consider some of the most promising means of addressing these urgent health care issues.

The agenda today highlights the need for joint efforts at the national and state levels to effectively tackle the shortcomings of our current health care system - or as some would say - our lack of a health care system. There are the two bills before you that lay out a framework for the creation of a health insurance exchange ("Exchange") as required by

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the Federal Patient Protection and Affordable Care Act. Exchanges are entities intended to create a more organized and competitive market for health insurance by offering a choice of plans, establishing common rules regarding the offering and pricing of insurance, and providing information to help consumers better understand the options available to them.

Establishing the Exchange this session must be one of our top priorities. The federal law has given us great latitude in establishing our Connecticut Exchange, and SB 921 and HB 6323 demonstrate two possible approaches. I stand ready to work with you and with the Governor's office to examine the options and to take advantage of the opportunities available to Connecticut.

You are also hearing today the bill that implements the final report of the SustiNet Health Partnership Board of Directors (the "Board"). First, let me say what a remarkable effort that report represents and express my appreciation to the Board and to the dozens of other participants for the time and expertise they contributed to make this possible. SustiNet's vision to assure affordable health care coverage for all Connecticut residents while implementing health care delivery reforms that will slow the growth in costs is one to which I fully subscribe; making that vision a reality is not a luxury, but a necessity.

Of course, we must focus not only on long term benefits, but on the current fiscal climate and budgetary constraints. To that end, I believe that the details of the SustiNet estimated savings of $226M to $277M per year starting in 2014 are crucial. It is these savings that will enable implementation of the many reforms outlined in the plan and additional savings after that.

Too many of our fellow Connecticut residents are suffering today due to loss of employment, which in many cases also means loss of health insurance. We must focus on job creation and business development in our state, both of which may depend on our ability to lower health care costs. Given that our business taxes are the 5th lowest in the country[1], we are appropriately turning our attention to our high healthcare costs and our high energy rates. SustiNet offers a promising frame for tackling one of our most costly and intractable problems.

Again, I thank you for this opportunity to testify and commend you for your diligent efforts to help Connecticut residents and businesses lead the way to high quality health care that is affordable for us all.

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[1] Rodriguez, Orlando, M.A. & Shelley Geballe, J.D., M.P.H., "Connecticut's Business Taxes in Context: A Summary of Ernst & Young's National Survey of State and Local Business Taxation," Connecticut Voices for Children (May 2010), *available at* http://ctkidslink.org/publications/bud10businesstaxes.pdf.

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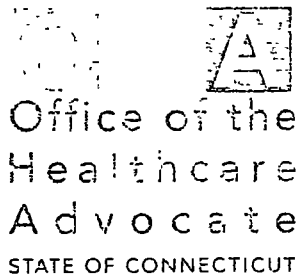


Testimony of Victoria Veltri
Acting Healthcare Advocate & General Counsel

Before the Public Health, Human Services and Insurance and Real Estate Committees
In support of HBs 6305, 6322, 6308, 6323 and SB 921
February 14, 2011

Good afternoon, chairs, ranking members and members of the Public Health, Human Services and Insurance and Real Estate Committees. For the record, I am Victoria Veltri, Acting Healthcare Advocate and General Counsel with the Office Healthcare Advocate ("OHA"). 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.

I am here to support **House Bill 6305, An Act Concerning the Implementation of the SustiNet Plan.** As you know the Office of the Healthcare Advocate and the Office of the State Comptroller staffed and chaired the SustiNet Board of Directors process throughout its entire process. The SustiNet board took the recommendations of over 160 subject matter experts on issues of healthcare quality, provider payment, patient-centered medical homes, health information technology (HIT), preventive care, racial and ethnic health disparities, child and adulthood obesity, smoking cessation and the healthcare workforce.

After considerable deliberation, including nineteen meetings of the board and consultation with its national experts, the Board produced its final report to the legislature. The report contained the core recommendations that were incorporated into House Bill 6305. House Bill 6305 reflects the concerns that the Board raised with respect to moving at a pace suited to both federal healthcare reform and our state's budget issues. That is why the preliminary steps of SustiNet include the concepts of costs-savings and increased efficiencies in our existing state programs, not by asking for substantial investments in initial funding from the general assembly, but by adopting long overdue strategies to save taxpayers money. Items like: patient-centered medical homes to coordinate care ensure prevention of illnesses and protect against the over-utilization of medical services; interoperable electronic health records that increase efficiency and reduce medical error; evidence based medicine that

ensure appropriate delivery and healthcare and prevent payment for unsupportable procedures; payment reforms to ensure that we aren't creating perverse incentives for providers to have to see a hundred patients a day to make ends meet, and to improve the quality of service delivery. Section 11 of this bill ensures that standing committees will provide the Authority with the information necessary to implement these reforms.

These measures are no cost measures that will reduce cost and improve the quality of care for SustiNet populations. These are common sense innovations that will create a better-operating state employee health plan, Medicaid and CHIP plans. The SustiNet Plan will, in addition to achieving the efficiencies state above, be empowered to use its pooling power to achieve administrative savings whenever possible.

The SustiNet bill envisions the Governor's plan for the HUSKY programs and Medicaid. The use of an administrative services organization with detailed accountability measures dovetails with both SustiNet and federal healthcare reform.

SustiNet G is consistent with the SustiNet Board of Directors recommendations that coverage be extended as soon as practicable to municipalities and non-state public employers followed by small employers and individuals, but also ensures that SustiNet will not bear a disproportionate risk of the healthcare costs for those employers.

The Medicaid expansions envisioned under the SustiNet bill are consistent with federal healthcare reform and will provide Connecticut with matching rates up to 95%, and the use of the basic health plan mechanism will provide Connecticut with maximum federal resources to insure individuals up to 200% of the federal poverty level who are otherwise ineligible for Medicaid.

Lastly, OHA commends the committee for including SustiNet plan members, an oral health advocate and a mental health advocate on the board of Directors for the SustiNet plan authority, and also for establishing a SustiNet Plan Consumer Advisory Board to develop consumer impact statements on major actions taken by the sustiNet Plan Authority Board of Directors.

OHA also supports House Bill 6322, **An Act Concerning State Prescription Drug Purchasing**. The Office of the State Comptroller has completed an analysis that showed that aggregating purchasing of pharmaceuticals for state programs could save the state over $60 million per year without sacrificing the quality of our prescription drug programs. This is common sense legislation that creates efficiencies through joint procurement in purchasing.

OHA supports House Bill 6308, **An Act Establishing the Connecticut Healthcare Partnership**. The goals of Raised Bill 6308 are similar to those of Raised Bill 6305. In fact both Raised Bills 6308 and 6305, use the mechanism of the state employee plan for extending coverage to non-state public employers and municipalities.

OHA Supports provisions in SB 921, **An Act Establishing a State Health Insurance Exchange** and House Bill 6323, **An Act Making Conforming Changes to the Insurance Statutes Pursuant to the Federal Patient Protection and Affordable Care Act, and Establishing a State Health Partnership Program**. First, we are pleased

to see the conforming changes to the insurance statutes to align it with the Affordable Care Act. We are gratified to see section 38a-477b concerning rescissions and cancellations of individual insurance policies strengthened by the language from the Affordable Care Act that forbids rescissions except in circumstances of fraud or intentional misrepresentation.

It is unclear whether the prohibitions against denying an individual age 18 or under an insurance policy because of a pre-existing condition have been adequately addressed in HB 6323. There are provisions in section 5, 6 and 7 that make it clear that the insurer cannot exclude coverage for a pre-existing condition, but there is no provision that clearly prohibits insurers from rejecting an applicant age 18 or under for an insurance policy on the basis of a pre-existing condition.

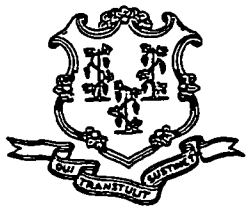
With respect to the exchange provisions in SB 921 and HB 6323, there are more similarities than differences. The provisions could be reconciled to form one comprehensive exchange bill. Some of the minor differences include the number of people on the exchange board—SB 921 has 13, HB 6323 has 11. HB 6323 does not include the Commissioners of Insurance, Public Health or the Secretary of the Office of Policy and Management on the exchange board, while SB 921 does.

However, there are some more than minor differences between the bills which we think are worth pointing out. HB 6323 appears to have stronger conflict of interest protections for board membership. HB 6323 clearly subjects the exchange to the Freedom of Information Act with very limited exceptions. HB 6323 establishes a standing consumer advisory committee and contains detailed language on the Navigator grants under the Affordable Care Act.

Importantly, both HB 6323 and SB 921 recognize the integral role Congress intended for consumer assistance programs in the exchange by requiring the exchange to make referrals to the Office of the Healthcare Advocate for assistance with a grievance, complaint or question regarding the enrollee's health benefit plans, coverage or a determination under that health plan or coverage, or assistance with an appeal.

The provisions of HB 6323 and SB 921 can be reconciled to assure consumers are protected while a high performing exchange is constructed to deliver efficient, high quality, cost effective care to enrollees in the exchange. OHA stands ready to assist other state agencies in the development and implementation of the exchange.

Thank you for your time today. If you have any questions concerning this testimony, please contact me at victoria.veltri@ct.gov or (860) 297-3982.



STATE OF CONNECTICUT

DEPARTMENT OF PUBLIC HEALTH

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TESTIMONY PRESENTED BEFORE THE INSURANCE AND REAL ESTATE, HUMAN SERVICES, AND PUBLIC HEALTH COMMITTEES
February 14, 2011

Jeanette DeJesús, Deputy Commissioner (860) 509-7101

HB 6323

Good morning Senator Crisco, Representative Menga, Senator Musto, Representative Tercyak, Senator Stillman, Representative Ritter and members of the Insurance and Real Estate, Human Services and Public Health Committees. My name is Jeanette DeJesús, Deputy Commissioner for the Department of Public Health and Special Advisor to the Governor on Health Care Reform. I am here to speak to you about HB 6305 An Act Concerning Implementation Of The Sustinet Plan and SB 921 An Act Establishing A State Health Insurance Exchange.

Beginning in 2014, as required by the federal Affordable Care Act (ACA), individuals and small employers will have access to health care coverage through newly established Health Insurance Exchanges in each state. The purpose of the Exchange is to provide a central marketplace for individuals and small employers to purchase affordable health insurance from a choice of products offered by qualified health plans. Exchanges will ensure that participating health plans meet certain standards and facilitate competition and choices by rating health plan quality. Individuals and families purchasing health insurance through Exchanges may qualify for federal premium tax credits and reduced cost-sharing if their household income is between 133 percent and 400 percent of the Federal poverty level. The Exchanges will also coordinate eligibility and enrollment with both the State Medicaid and Children's Health Insurance Programs to ensure people have affordable health coverage.

The ACA allows states to choose whether to develop their own Exchange or turn this responsibility over to the federal government. Governor Malloy has made it clear that the development and operation of a Health Insurance Exchange for the benefit of the citizens of Connecticut is too important a responsibility to cede to the federal government. In addition, the federal government is encouraging states to establish their own Exchanges by fully funding the costs of planning, development and the initial operation of the Exchange through December 31, 2014.

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The ACA also allows states several options in terms of the types of entities that can be created for an Exchange: a State agency, a non-profit, or a quasi-State entity. We are proposing a quasi-State entity since we believe such an entity will provide the necessary State oversight while giving the Exchange the flexibility it needs to get up and running quickly and react to a changing market more nimbly. The quasi-State model has been used in the past in Connecticut; most recently for the Connecticut Health Information Technology Exchange.

Please note that SB 921 creates the governance structure for the Exchange and outlines the federally mandated functions. However, the bill purposely does not make any policy decisions, since we believe to do so would be premature. Currently, the Office of Policy and Management is administering a $1 million federal planning grant that will provide the necessary research and analysis to adequately inform a range of pending policy decisions. Furthermore, this year the federal government should be issuing regulations designed to clarify a number of Exchange and insurance market requirements and we want to make sure we are in compliance with this expected federal guidance. This bill gives the Exchange the responsibility to address these policy questions, which are outlined in section 11, and to report to the Governor and General Assembly annually on these matters.

The language in SB 921 is based upon model Exchange legislation developed by the National Association of Insurance Commissioners (NAIC) for use by individual states and addresses the governance as well as the basic responsibilities of an Exchange as required under the ACA. The NAIC Model Act is the result of a comprehensive review process by all State Insurance Commissioners and other interested parties. Language from the statute that created the Connecticut Health Information Technology Exchange was also utilized. Specifically this bill:

- Establishes a quasi-public authority charged with establishment and oversight of a Health Insurance Exchange in Connecticut, managed by a diverse Board of Directors. In order to meet the aggressive deadlines established by the federal government to have an Exchange operational and open to the public by January 1, 2014, it is essential to establish a governance structure this legislative session;
- Lists the duties of the Exchange as prescribed by the ACA;
- Provides for general requirements regarding how and when the Exchange will make qualified health plans available to the public, as required under the ACA; and
- Allows the Exchange to charge assessments or user fees to health carriers or generate other funding necessary to support Exchange operations. This is necessary since the Exchange, as required under the ACA, must be self sustaining by Jan. 1, 2015.

It is important to note that future multi-year federal funding available in 2011 to design and implement the Exchange is dependent upon the establishment of a state Exchange in legislation. As noted above, the federal government is committed to fully funding the development of Exchanges. Missing this opportunity would leave millions of needed federal dollars on the table and could jeopardize Connecticut's ability to meet the federal requirement of establishing an operational Exchange by January 1, 2014.

I would also like to take this opportunity to provide some comments on HB 6323 which would also establish an Exchange Authority. While SB 921 and HB 6323 are similar in many respects, there are some important differences I would like to point out.

SB 921 proposes a thirteen member Board of Directors with 4 appointments made by the Governor with the Office of Policy and Management, and the Departments of Social Services and Public Health included as voting members and the Insurance Department included as a non-voting member. HB 6323 proposes an eleven member Board of Directors with only 2 appointments from the Governor with the Department of Social Services as the only State agency represented.

Considering the close collaboration with the Executive Branch required in terms of vital interfaces with public medical assistance programs and information technology, the impact on the health insurance markets and regulation, and the potential State policy and budget impacts, I feel strongly the Executive Branch should have greater representation than is proposed in Raised Bill 6323 and feel the makeup of the Board that is proposed in SB 921 is more appropriate.

In addition, SB 921 has very clear language in Section 12 that assures that the Insurance Department retains their full authority to regulate the insurance industry. Section 18 of HB 6323 addresses this issue but I believe the language in this section is not clear enough to make sure the Insurance Department's regulatory authority is not eroded. The language in SB 921 was taken from the NAIC Model Act which was screened and reviewed by all states to make sure it addresses the concerns of Insurance Departments around the country regarding their continued ability to regulate the insurance industry.

I appreciate the opportunity to testify today and the Administration looks forward to working together with the General Assembly to develop legislation enacting an Exchange that is in the best interest of the state. I would be more than happy to answer any questions you might have at this time.

Quality is Our Bottom Line

Written Comments of the Connecticut Association of Health Plans
Insurance and Real Estate Committee
Public Health Committee
Human Services Committee

RB 6305 AAC IMPLEMENTATION OF THE SUSTINET HEALTH PLAN

RB 921 AA ESTABLISHING A STATE HEALTH INSURANCE EXCHANGE

RB 6308 AA ESTABLISHING THE CONNECTICUT HEALTHCARE PARTNERSHIP

The CT Association of Health Plans, whose members include Aetna, CIGNA, CHN, ConnectiCare, United and WellCare, respectfully submits the following comments on the bills before you today, along with our strong commitment to working with the General Assembly, the Governor and any other interested groups to develop a consumer-focused, cost-effective plan for Connecticut designed to ensure access to health insurance for Connecticut's uninsured populations. Furthermore, the health insurance industry is prepared to commit whatever resources are necessary to work with the legislature and the Governor to make certain that there is an effective, accessible and consumer-friendly approach to implementing federal health care reform.

For the Committees' information, we have retained a well-known consulting firm to provide the legislature, administration and others with a dispassionate analysis of both the Sustinet study/report and the Sustinet legislation and will provide that analysis to you next week. In the meantime, please accept the following comments:

1. RB 6305 AAC IMPLEMENTATION OF THE SUSTINET HEALTH PLAN

It would be our great pleasure if we could simply relate to the Committees our experiences, as thought leaders in the health insurance world, on the development and implementation of medical homes, cutting-edge approaches to disease management and cost containment, alternative reimbursement arrangements, tiered networks, wellness programs and many of the other items upon which the Sustinet bill appears to stand in

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2. RB 921 AA ESTABLISHING A STATE HEALTH INSURANCE EXCHANGE

Unlike the Sustinet bill, RB 921 is a worthy attempt to get down to the business we all need to focus on in order to implement the major provisions of the federal reform law regarding the creation of a state-based insurance exchange. There are many laudable aspects of exchanges, most notably in creating ease of access to information about health insurance products available through the exchange, ease of enrollment, etc. As you can probably imagine, there are quite literally hundreds of people working in insurance companies within a few miles of the State Capitol whose sole focus over the past few months has been exchange implementation. We look forward to working with the legislature and the new administration on implementing Connecticut's exchange.

3. RB 6308 AA ESTABLISHING THE CONNECTICUT HEALTHCARE PARTNERSHIP

The "pooling bill," as it has come to be known, begins with a premise few could challenge: give municipalities an additional opportunity to manage health insurance costs by offering the opportunity to participate in the state employee pool. Unfortunately, that principle is subsumed by the breadth of proposals contained in RB 6308, which goes much farther than offering an additional option to cities and towns and carries with it all of the risks associated with Sustinet – significant financial risk to the state, exacerbation of cost shift, and crowding out of the private insurance market.

RB 6308 would create a de facto public option by opening up the state plan to non-profit organizations and small employers (the definition of "small" in the bill is 100 employees or fewer). You can refer to our comments on the public option above; without significant reworking, however, we oppose the bill as it is currently drafted

We would be very willing to work with the General Assembly and the Governor on enhancing options for cost containment at the municipal level, however, and look forward to continuing that conversation.

CONNECTICUT
VOICES
FOR CHILDREN

Testimony Regarding
H.B. 6305: An Act Concerning Implementation of the Sustinet Plan
S.B. 921: An Act Establishing a State Health Insurance Exchange
Sharon D. Langer
Insurance and Real Estate, Human Services, and Public Health Committees
February 14, 2011

Senator Crisco, Representative Megna, Senator Musto, Representative Tercyak, Senator Stillman, Representative Ritter and Members of the Insurance & Real Estate, Human Services, and Public Health Committees:

I am testifying today on behalf of Connecticut Voices for Children, a research-based public education and advocacy organization that works statewide to promote the well-being of Connecticut's children, youth, and families. I am a Senior Policy Fellow, concentrating in policy analysis and advocacy related to Medicaid and HUSKY health insurance programs for low-income families and children.

H.B. 6305, *An Act Concerning Implementation of the Sustinet Plan* and S.B. 921, *An Act Establishing a State Health Insurance Exchange* have major implications for the low-income parents, pregnant women, and children currently eligible for Medicaid (HUSKY A) and the Children's Health Insurance Program (HUSKY B). Both bills implement provisions of the federal Affordable Care Act.

We applaud the emphasis on improving coverage, access to primary care and quality improvements in the Sustinet legislation that would provide incentives for patient-centered medical homes, prevention, comprehensive benefits, and payment reform. It also incorporates the navigator system envisioned by the Affordable Care Act that would assist consumers in understanding and accessing coverage options. Coordination of the Exchange and public health coverage programs is crucial to success. The state needs to speed up its modernization efforts, take advantage of the federal government's offer to pay 90% to improve its eligibility management system (EMS), and any other opportunities to improve coordination between the Exchange and Medicaid/HUSKY/Charter Oak. Otherwise, we will not be able to keep families continuously insured regardless of their change in financial or other circumstances. Continuous coverage is an important goal of reform and research shows that keeping families covered improves their access to regular and cost-effective care.

Basic Health Plan (BH Plan)

We support the inclusion of the BH plan as set forth in H.B. 6305, Sec. 7., in state health reform legislation. It is missing, however, from S.B. 921. As of January 1, 2014, Connecticut will no longer be required to cover parents, caretaker relatives and pregnant women above 133% of federal poverty level in HUSKY A (Medicaid). We currently cover parents and caretaker relatives up to 185% FPL (at the same level as children under 19 in HUSKY A), and cover pregnant women up to 250% FPL under HUSKY A. Children under 19 in HUSKY are eligible regardless of income although their families contribute to the cost of care at higher income limits. The state is required to retain children in Medicaid and CHIP (HUSKY B) until 2019. As a result of HUSKY, we have nearly universal coverage for children.

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The State will have several options to choose from in determining how low-income adults will access health coverage. The BH plan provides the best protection for low-income HUSKY parents with income above 133% FPL. Since the federal government will pay 100% of the BH plan, this is also the most fiscally prudent option for the State.

While the state could keep these HUSKY parents covered in Medicaid after 2014, the state would continue to share the cost with the federal government, receiving 50 cents on the dollar for the state's Medicaid expenditures. We would certainly support such a decision but recognize that the State's fiscal situation makes such a decision unlikely.

These adults could also be moved into the Exchange where the federal government would provide subsidies for individuals with family income below 400% FPL. See, Center for Children and Families, *Health Insurance Exchanges: New Coverage Options for Children and Families* (August 2010), available at http://ccf.georgetown.edu However, we agree with the SustiNet Health Partnership Board of Directors that the federal subsidies are not sufficient to make coverage affordable to individuals with income between 133% and 200% FPL – the group that will benefit from coverage through a BH plan. See, *Report to the General Assembly from the SustiNet Health Partnership Board of Directors* (January 2011), available at http://www.ct.gov/sustinet/lib/sustinet/sn.final_report.appendix.cga.010711.pdf

Our support for the BH plan is also predicated on including the protections set forth in H.B. 6305, i.e., "the basic health plan shall include all benefits, limits on cost-sharing and other consumer safeguards that apply to medical assistance provided in accordance with [Medicaid]." In addition, the SustiNet bill rightly requires that any "excess. . . funds" shall be used to increase reimbursement rates for providers serving individuals" in the BH plan.

It is anticipated that the federal funding that the state receives for the BH plan will in fact exceed the amount of money that is currently available under Medicaid for these individuals. The amount of money that the state receives each year for the BH plan is 95% of the subsidies and other cost-sharing assistance at a particular premium level that individuals would otherwise receive in the Exchange. The state is required by federal law to set aside the funding for the BH plan in a trust fund that may only be used for the BH plan. Think of it is a fund not unlike Unemployment Insurance that cannot be siphoned off for other uses.

See attached chart for a comparison of the income eligibility, costs to individuals and the state, and benefits for adults currently covered under HUSKY A and the options available under health reform.

HUSKY Plus

The Sustinet legislation, H.B. 6305, Sec. 6 sets forth SustiNet Plans A through G. We note that this denomination could be very confusing to the general public since we have spent years, for example, using the term HUSKY to rebrand Medicaid for low income families and CHIP coverage for kids. Under this proposal, it appears that the public will have to learn a whole new vernacular.

Legislative Testimony
Joint Insurance Committee Public Health Committee, & Human Services Committee
HB 6305 AAC Implementation Of The SustiNet Plan
HB 6323 AA Making Conforming Changes To The Insurance Statutes Pursuant To The Federal Patient Protection And Affordable Care Act, And Establishing A State Health Partnership Program
Monday, February 14, 2011
William C. Nash, DMD

Good afternoon to the Chairs of the Insurance Committee Senator Crisco & Representative Megna, Chairs of the Public Health Committee Senator Stillman and Representative Ritter, & to the Chairs of the Human Services Committee Senator Musto and Representative Tercyak, my name is William Nash and I have been practicing dentistry for 32 years in the town of Fairfield. I thank you for the opportunity to present this written testimony to you in support of HB's 6308, 6305, 6323 and SB 921.

I am writing in support of these measures. In our changing world, with children living longer with their parents, needing advanced schooling to gain a foothold in their careers, in addition to the difficulty of getting a job, the option of extending the age of coverage o 26 is a fair and reasonable thing to do.

The SustiNet G emphasizes that health care involves the entire body, that a person's well-being includes their mouth. Dentistry is a field where prevention is most effective. This has been shown in studies that date back from the 1950's to today. The language of this bill fits into the practice of modern dentistry. It will serve the people of this state very well.

In closing, I would like to again thank the Committees for allowing me to submit testimony. If you have any questions I would happy to talk to on the phone or answer them via email.

Sincerely,

William C. Nash, D.M.D
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February 14, 2011

Statement by Paul Filson, Director of Service Employees International Union (SEIU) Connecticut State Council supporting House Bills No. 6308, 6305, 6323 and 6322 and SB921 *VARIOUS ACTS CONCERNING HEALTH CARE IN CONNECTICUT.*– before the Insurance and Real Estate, Human Services, and Public Health Committees

Good afternoon, Co-Chairs, and distinguished members of the Public Health, Human Services and Insurance and Real Estate Committees - I appreciate the opportunity to be here before you today. My name is Paul Filson and I am Director of SEIU's Connecticut State Council. The State Council represents over 55,000 active members in Connecticut. SEIU is Connecticut's largest union. We represent health care workers, building service workers, state/municipal employees and community college professors and staff. SEIU and its locals have endorsed the idea of expanding the state employee health insurance plan to include municipalities, small businesses and non-profits.

SEIU members are politically active. Over 700 of our members hit the street in 2010 working to elect a governor and national and state representatives who would fight for the interests of working families. We asked every politician to commit to fixing our broken health care system. Make no mistake about it, our system is broken and it needs to be fixed this year. Connecticut has an opportunity to take steps in the right direction by allowing municipalities, small businesses and non-profits to purchase less expensive health insurance for their employees. HB 6308 AN ACT ESTABLISHING THE CONNECTICUT HEALTHCARE PARTNERSHIP and HB 6323 take steps in that direction.

Most of our union members receive quality health insurance through their collective bargaining agreements. Many of our members benefit from being able to participate in large pools of participants keeping costs lower than smaller employers can secure. For instance, the cost to municipalities for quality insurance family coverage is often well over $20,000 per year – sometimes over $28,000. Our members who are janitors in Hartford pay very little for their quality health insurance and their employers, the contractors, contribute much less than most municipalities in CT do for inferior insurance. The reason? Connecticut janitors are part of a large pool that includes over 80,000 members and their families (over 250,000 lives).

SEIU state employees have what is considered to be quality health insurance. The cost to the state for health insurance is much less than many municipalities pay for equal or worse insurance. Why? There are over 200,000 lives covered and the state can negotiate better rates for both health insurance and prescription drug plans.

The proposed HB 6305 AN ACT CONCERNING IMPLEMENTATION OF THE SUSTINET PLAN recognizes and addresses the crisis that exists in health care. The foundation for change is the larger the pool the more leverage there is to negotiate rates. Municipalities and school boards, small businesses and non-profits should all join the state employee plan and create a giant pool that could result in significant savings for both municipalities and the state.

The state employee plan has the full participation of the members through their unions and is fully invested in creating ongoing savings. There is nearly complete transparency – we all know exactly what we get for what we are paying. Kevin Lembo, our controller, is accountable to the people. The plan promotes wellness programs. The private insurance that most municipalities buy report mostly to their share holders whose prime concern is profits. The profit reports of almost all the major insurance companies continue to set new records every year just as their proposed rate increases outstrip inflation by huge margins.

Most of our union members receive quality health insurance through their collective bargaining agreements, but it comes at a cost. We must often choose between decent raises in salary or maintenance of benefits. Our contracts are sometimes unsettled for long periods of time because our employers demand we pay higher and higher percentages of the escalating health insurance costs. When you see union members on strike in Connecticut it is usually because health care benefits are being taken away or employer demands for cost shifting.

Perhaps 10% of our members, over 5000, either do not have insurance or can not afford to buy family coverage. Those members drive our children in school buses, or provide care for the elderly or the disabled. Some members clean office buildings or teach courses as adjunct professors. Is it any wonder that school districts have trouble hiring quality drivers or that job turnover rates in some group homes is well over 100% per year? None of our members who drive school buses or work as monitors on those buses has affordable employer provided health insurance. A while back, we interviewed a school bus driver who decided to buy health insurance through his company, Laidlaw. He was not sure what it would cost. His first paycheck was short $453 because that is how much his family health insurance was per week -- $453 per week or $1800 per month. Needless to say, he dropped coverage immediately and is now using emergency rooms again.

SEIU is demanding a bold and comprehensive approach to fixing our healthcare system in Connecticut. Our current system is bureaucratic. Our current system rations health care. Our current system makes hundreds of thousands of people wait for long periods of time. Our current system concentrates on cure rather than prevention. Our current system limits choice. What more evidence is needed that we must act now to change? Thank you for holding these hearings. A real solution will require creativity, negotiations and choices, but we know that inaction is not an option. Other states are exploring universal health care options.

SEIU generally supports the bills before you today but hopes that these reforms will encourage the General Assembly and the Governor to take even bolder action in the future.

JOINT
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HEARINGS

INSURANCE AND
REAL ESTATE
PART 7
1983 – 2294

2011

TESTIMONY

of the

CONNECTICUT CONFERENCE OF MUNICIPALITIES

to the

INSURANCE & REAL ESTATE COMMITTEE
HUMAN SERVICES COMMITTEE
PUBLIC HEALTH COMMITTEE

February 14, 2011

CCM is Connecticut's statewide association of towns and cities and the voice of local government - your partners in governing Connecticut. Our members represent over 93% of Connecticut's population. We appreciate this opportunity to provide testimony to you on issues of concern to towns and cities.

H.B. 6308 AN ACT ESTABLISHING THE CONNECTICUT HEALTHCARE PARTNERSHIP.

S.B. 921 AN ACT ESTABLISHING A STATE HEALTH INSURANCE EXCHANGE.

H.B. 6323 AN ACT MAKING CONFORMING CHANGES TO THE INSURANCE STATUTES PURSUANT TO THE FEDERAL PATIENT PROTECTION AND AFFORDABLE CARE ACT, AND ESTABLISHING A STATE HEALTH PARTNERSHIP PROGRAM.

H.B. 6305 AN ACT CONCERNING IMPLEMENTATION OF THE SUSTINET PLAN.

H.B. 6322 AN ACT CONCERNING STATE PRESCRIPTION DRUG PURCHASING.

It is no secret that health insurance remains one of the biggest cost-drivers of any municipal budget. Towns and cities presently spend between 8% and 15% of their local budgets on health care for their employees. For the past several years, annual increases in premiums have typically ranged between 9% and 15%.

Hometown Connecticut needs your help. More importantly, local officials need options that communities can voluntarily avail themselves, including such programs proposed in these bills which can at least hold the line on drastic health insurance increases.

-Turn over -

900 Chapel St., 9th Floor, New Haven, CT 06510 P. 203-498-3000 F. 203-562-6314 www.ccm-ct.org

It is imperative that local governments be are afforded the discretion and flexibility to decide for themselves which tools apply best for their municipalities.

CCM urges the committee to maintain the local options established throughout these proposals as a critical means to provide towns and cities choices in addressing skyrocketing health care costs.

##

If you have any questions, please contact Bob Labanara via email rlabanara@ccm-ct.org
Or Michael Muszynski via email mmuszynski@ccm-ct.org

Legislative Testimony
Joint Insurance Committee, Public Health Committee, & Human Services Committee
HB 6308 AA Establishing The CT Healthcare Partnership
SB 921 AA Establishing A State Health Insurance Exchange
HB 6305 AAC Implementation Of The SustiNet Plan
HB 6323 AA Making Conforming Changes To The Insurance Statutes Pursuant To The Federal Patient Protection And Affordable Care Act, And Establishing A State Health Partnership Program
Monday, February 14, 2011
Jon Davis, DMD

Good afternoon to the Chairs of the Insurance Committee Senator Crisco & Representative Megna, Chairs of the Public Health Committee Senator Stillman and Representative Ritter, & to the Chairs of the Human Services Committee Senator Musto and Representative Tercyak, my name is Jon Davis and I have been practicing dentistry for 35 years in the town of Fairfeld and am currently President of the Connecticut State Dental Association. I thank you for the opportunity to present this written testimony to you in support of HB's 6323 and 6305.

I urge you to support them in their entirety.

HB 6323 is of particular interest because section 1 extends health insurance coverage to single young adults up to age 26. As a father of four I have two children at this time who would qualify for this extension. I am sure you know that salaries for young people just out of high school or college do not allow for the purchase of individual health insurance policies. This would be a wonderful benefit for them and a major relief for their parents.

In addition, with passage of this legislation many of their employers, who are small businessmen and women like me, may be able to purchase health insurance for them through the exchange. By providing a low cost alternative to small employers, their chances of having health insurance coverage is doubled and the likelihood of catastrophic expenses due to illness could be avoided.

I currently provide health insurance coverage for my employees but the costs are becoming prohibitive. With the establishment of an exchange this may provide an alternative which would allow me to continue to provide health insurance coverage for my employees.

In closing, I would like to again thank the Committees for allowing me to submit testimony. If you have any questions I would happy to talk to on the phone or answer them via email.

Sincerely,

Jon Davis, D.M.D
President Conn State Dental Assoc
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Legislative Testimony
Joint Insurance Committee Public Health Committee, & Human Services Committee
HB 6308 AA Establishing The CT Healthcare Partnership
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Monday, February 14, 2011
Jonathan B. Knapp, DMD

Good afternoon to the Chairs of the Insurance Committee Senator Crisco & Representative Megna, Chairs of the Public Health Committee Senator Stillman and Representative Ritter, & to the Chairs of the Human Services Committee Senator Musto and Representative Tercyak, my name is Jonathan Knapp and I have been practicing dentistry for 18 years in the town of Bethel. I thank you for the opportunity to present this written testimony to you in support of HB's 6305, and 6323.

I commend the General Assembly for tackling the issue of rising health care costs and access to appropriate care as evidenced by the bills before you today. I would like to draw your attention to, and urge your support for, several specific points included in HB6305 and HB6323.

In HB6305, lines 825-834 discuss a plan called "SustiNet G" which must include "comprehensive, commercial-style benefits, including vision, dental...with an emphasis on prevention that includes encouraging individual responsibility for controllable health risks ..." Dentistry is a profession that has its most significant roots and notable accomplishments in prevention. Water fluoridation and oral health education have been cornerstones in dentistry for many decades now. With that backdrop in mind, I urge you to support efforts to discourage behaviors, such as consumption of sugar-sweetened beverages and junk foods, which have significant negative impact on oral health. Conversely, routine preventive dental visits and oral health literacy education must be encouraged. Lines 1370-1375 refer to: "...dental care coverage that shall be comparable in scope to the median coverage provided by large employers in the Northeast states." I urge you to support such efforts to make appropriate dental coverage available to more families given the growing evidence of the strong connections between oral health and overall health.

HB6323 calls for the provision of coverage to dependent children to the age of 26. In its current form, this bill provides for very limited coverage of dental procedures to include only oral surgical procedures to remove impacted teeth. I urge you to consider the inclusion of a broader array of oral health services in addition to the medical coverage extension to age 26. As noted above, the body of evidence linking oral health to overall health is growing daily. There are links between poor oral health and diabetes, cardiovascular disease, and pre-term and low birth weight babies. Given the incredible costs to society generated by these conditions, it makes sound fiscal sense to provide for preventive dental services that dramatically reduce those expenditures.

In closing, I would like to again thank the Committees for allowing me to submit testimony. If you have any questions please feel free to contact me by phone or email.

Sincerely,

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TESTIMONY

of the

CONNECTICUT CONFERENCE OF MUNICIPALITIES

to the

INSURANCE & REAL ESTATE COMMITTEE
HUMAN SERVICES COMMITTEE
PUBLIC HEALTH COMMITTEE

February 14, 2011

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H.B. 6308 AN ACT ESTABLISHING THE CONNECTICUT HEALTHCARE PARTNERSHIP.

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Hometown Connecticut needs your help. More importantly, local officials need options that communities can voluntarily avail themselves, including such programs proposed in these bills which can at least hold the line on drastic health insurance increases.

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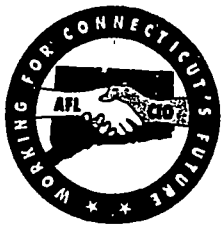
Or Michael Muszynski via email mmuszynski@ccm-ct.org



CONNECTICUT AFL-CIO

56 Town Line Road, Rocky Hill, CT 06067
860-571-6191 fax. 860-571-6190

Testimony of Lori Pelletier, Secretary-Treasurer

Connecticut AFL-CIO

Before the Joint Public Hearing, February 14, 2011

Senators Crisco, Musto and Stillman, and Representatives Megna, Tercyak, and Ritter, my name is Lori Pelletier and I serve as the Secretary-Treasurer of the Connecticut AFL-CIO and I am here to testify on behalf of our 900 affiliated local unions representing 220,000 members who reside in all 169 of out cities and towns.

The Connecticut AFL-CIO has a long and proud history of supporting a healthcare system which serves the people and not the profiteers. One of the key issues surrounding negative job growth in our state and nation is the exploding costs associated with healthcare. One way to contain this is for government to take on the responsibility for keeping costs down. The bills before you today can do just that and that is why I am here to testify in favor of these bills:

H.B. No. 6308 (RAISED) AN ACT ESTABLISHING THE CONNECTICUT HEALTHCARE PARTNERSHIP, and H.B. No. 6322 (RAISED) AN ACT CONCERNING STATE PRESCRIPTION DRUG PURCHASING. (HS) The passage of these bills should be a no-brainer. Opening up the large pool the State currently has to municipalities and small businesses is a non-cost way to help both groups. Pooling is an age old concept; from CVS to UTC to the State of Connecticut dollars are saved by making your purchasing larger. It's nothing to be afraid of, we should just think of it as bulk purchasing for healthcare and prescription drugs. These are good bills and will become a good policy.

S.B. No. 921 (RAISED) AN ACT ESTABLISHING A STATE HEALTH INSURANCE EXCHANGE, and H.B. No. 6323 (RAISED) AN ACT MAKING CONFORMING CHANGES TO THE INSURANCE STATUTES PURSUANT TO THE FEDERAL PATIENT PROTECTION AND AFFORDABLE CARE ACT, AND ESTABLISHING A STATE HEALTH PARTNERSHIP PROGRAM. These two pieces of the proposed legislation make Connecticut complaint with the federal healthcare law and we need to act on these now. In a year where every dollar of revenue available is necessary, passing these bills will allow us to reap the rewards from the Federal level that our Congressional delegation worked so hard to secure.

H.B. No. 6305 (RAISED) AN ACT CONCERNING IMPLEMENTATION OF THE SUSTINET PLAN. (PH) Connecticut's families have been waiting for years for a sustainable, portable and pocketbook friendly healthcare reform law. SUSTINET is just that bill. Too many families have to make choices about their lives based on healthcare, not hours of works, or vacation time or pay rate but healthcare. Our current healthcare system is crushing families and crushing our progress as a nation.

PRESIDENT
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SECRETARY-TREASURER
Lori J Pelletier

EXECUTIVE VICE PRESIDENT
Salvatore Luciano

GENERAL VICE PRESIDENT
Thomas Wilkinson

EXECUTIVE SECRETARY

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Paul Wallace
Kurt Westby
Anthony Zona

Fifty years ago healthcare wasn't the financially crippling issue it is today for a number of reasons including non profit insurers in the system to keep for-profits insurers honest, all employers had to compete with a heavily unionized workforce who had negotiated healthcare benefits in their contracts, and corporate responsibility actually meant something. But over the course of time, benefits have eroded and workers have lost ground as employers seeking to maximize profit have done so at the expense of family healthcare. Once and for all we should take this burden out of the for-profit system and provide Connecticut's working families with the safety net they deserve. SUSTINET is a safety net.

The work done to get us to this point was not done in a vacuum but under a very powerful microscope. The recommendations by the SUSTINET board are clear and concise. Slowing the growth of public and private health care costs, expanding access to affordable, high-quality, comprehensive coverage for Connecticut residents, implementing a delivery system and payment reforms that will benefit state residents, providing Connecticut employees and individuals with a new health plan option, improving access to care among low-income residents, and reducing racial and ethnic disparities related to health care access and quality.

We appreciate the committees holding this very important public hearing and we look forward to working with this General Assembly to get these bills passed and signed into law.

Legislative Testimony
Joint Insurance Committee Public Health Committee, & Human Services Committee
HB 6308 AA Establishing The CT Healthcare Partnership
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Good afternoon to the Chairs of the Insurance Committee Senator Crisco & Representative Megna, Chairs of the Public Health Committee Senator Stillman and Representative Ritter, & to the Chairs of the Human Services Committee Senator Musto and Representative Tercyak, my name is Jonathan Knapp and I have been practicing dentistry for 18 years in the town of Bethel. I thank you for the opportunity to present this written testimony to you in support of HB's 6305, and 6323.

I commend the General Assembly for tackling the issue of rising health care costs and access to appropriate care as evidenced by the bills before you today. I would like to draw your attention to, and urge your support for, several specific points included in HB6305 and HB6323.

In HB6305, lines 825-834 discuss a plan called "SustiNet G" which must include "comprehensive, commercial-style benefits, including vision, dental...with an emphasis on prevention that includes encouraging individual responsibility for controllable health risks ..." Dentistry is a profession that has its most significant roots and notable accomplishments in prevention. Water fluoridation and oral health education have been cornerstones in dentistry for many decades now. With that backdrop in mind, I urge you to support efforts to discourage behaviors, such as consumption of sugar-sweetened beverages and junk foods, which have significant negative impact on oral health. Conversely, routine preventive dental visits and oral health literacy education must be encouraged. Lines 1370-1375 refer to: "...dental care coverage that shall be comparable in scope to the median coverage provided by large employers in the Northeast states." I urge you to support such efforts to make appropriate dental coverage available to more families given the growing evidence of the strong connections between oral health and overall health.

HB6323 calls for the provision of coverage to dependent children to the age of 26. In its current form, this bill provides for very limited coverage of dental procedures to include only oral surgical procedures to remove impacted teeth. I urge you to consider the inclusion of a broader array of oral health services in addition to the medical coverage extension to age 26. As noted above, the body of evidence linking oral health to overall health is growing daily. There are links between poor oral health and diabetes, cardiovascular disease, and pre-term and low birth weight babies. Given the incredible costs to society generated by these conditions, it makes sound fiscal sense to provide for preventive dental services that dramatically reduce those expenditures.

In closing, I would like to again thank the Committees for allowing me to submit testimony. If you have any questions please feel free to contact me by phone or email.

Sincerely,

Jonathan B Knapp, D.M.D
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TESTIMONY

of the

CONNECTICUT CONFERENCE OF MUNICIPALITIES

CCM

to the

INSURANCE & REAL ESTATE COMMITTEE
HUMAN SERVICES COMMITTEE
PUBLIC HEALTH COMMITTEE

(Donna Hamzy)

February 14, 2011

CCM is Connecticut's statewide association of towns and cities and the voice of local government - your partners in governing Connecticut. Our members represent over 93% of Connecticut's population. We appreciate this opportunity to provide testimony to you on issues of concern to towns and cities.

H.B. 6308 AN ACT ESTABLISHING THE CONNECTICUT HEALTHCARE PARTNERSHIP.

S.B. 921 AN ACT ESTABLISHING A STATE HEALTH INSURANCE EXCHANGE.

H.B. 6323 AN ACT MAKING CONFORMING CHANGES TO THE INSURANCE STATUTES PURSUANT TO THE FEDERAL PATIENT PROTECTION AND AFFORDABLE CARE ACT, AND ESTABLISHING A STATE HEALTH PARTNERSHIP PROGRAM.

H.B. 6305 AN ACT CONCERNING IMPLEMENTATION OF THE SUSTINET PLAN.

H.B. 6322 AN ACT CONCERNING STATE PRESCRIPTION DRUG PURCHASING.

It is no secret that health insurance remains one of the biggest cost-drivers of any municipal budget. Towns and cities presently spend between 8% and 15% of their local budgets on health care for their employees. For the past several years, annual increases in premiums have typically ranged between 9% and 15%.

Hometown Connecticut needs your help. More importantly, local officials need options that communities can voluntarily avail themselves, including such programs proposed in these bills which can at least hold the line on drastic health insurance increases.

-Turn over -

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It is imperative that local governments be are afforded the discretion and flexibility to decide for themselves which tools apply best for their municipalities.

CCM urges the committee to maintain the local options established throughout these proposals as a critical means to provide towns and cities choices in addressing skyrocketing health care costs.

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If you have any questions, please contact Bob Labanara via email rlabanara@ccm-ct.org
Or Michael Muszynski via email mmuszynski@ccm-ct.org

Testimony of AARP on
H.B. 6323—An Act Making Conforming Changes to the Insurance Statutes Pursuant to the Federal Patient Protection and Affordable Care Act, and Establishing a State Health Partnership Program
February 14, 2011

AARP is a nonprofit, non-partisan organization with nearly 600,000 Connecticut members. AARP helps people 50+ have independence, choice and control in ways that are beneficial and affordable to them and society as a whole. On behalf of Connecticut members and adults 50+, we are pleased to offer the following written comments on H.B. 6323.

AARP strongly supports provisions of H.B. 6323 that implement the Affordable Care Act insurance market reforms. These reforms include covering adult children, up to age 26, on a parent's insurance policy (§§1-4); implementing medical loss ratio that will help ensure that a greater percentage of health care premiums are directed to health care services (§10); removing lifetime caps on health insurance products (§6); eliminating pre-existing condition restrictions for children 18 and younger (§5); and restricting the use of rescissions that retroactively cancel health insurance policies (§8).

Overall, we are also pleased with the structure of the state insurance Exchange outlined in sections 12-20.[1] AARP believes the governing body for the Exchange should include strong consumer representation and also provide the opportunity for additional issue-specific working or advisory groups to be created and to give ongoing input into the process. The governing board should avoid potential conflicts of interest by prohibiting insurers or health care providers—that are subject to regulation and oversight by the Exchange—from serving on the governing board. AARP is pleased that H.B. 6323 has strong standards for excluding insurers and providers from serving on the governing board. This language is preferable to S.B. 921, which simply allows for a conflicted board member to abstain from a particular vote.

However, H.B. 6323 does not designate interest-group specific representatives (i.e. consumers, employers, or Medicaid advocates). Although section 14 requires board expertise in a variety of areas, AARP would suggest including a designated consumer advocate for the board.

As to the operations of the Exchange, the focus is well framed in section 15. This is similar to the structure operating in Massachusetts that has worked well. AARP would recommend, however, that the language in Section 15(a)(15) make clear that assessments and user fees can be collected after January 1, 2015. Currently that sections states: "...Charge assessments or user fees to insurers on or before January 1, 2015, to meet the cost of administering the exchange." This could be misconstrued as not allowing such fees after January 1, 2015. To clarify the legislative intent, AARP would suggest changing that section to read: "Charge assessment or user fees to insurers *starting* on or before January 1, 2015."

[1] There is inconsistency in the name of the Exchange; "State Health Partnership Program" in the title, "Connecticut Health Exchange" in §14, and then "Connecticut Health Partnership Exchange" starting in §21.

Next, AARP supports Section 15(a)(16) which allows the Exchange to limit the number of plans offered. AARP believes that limiting the number of insurance providers and products will allow consumers to make direct comparisons and encourage competition among the plans. The language in this section could be further strengthened by providing more detail on the criteria or the process used to screen participation in the Exchange. Exchanges should careful select and certify the plans sold through the Exchange using the same competitive, market-based strategies successfully used by large employers. Competition should be based on costs, value, quality, and customer service. The quality of health care providers included in each plan should be evaluated based on objective quality data. Costs and benefits should be established by negotiations or competitive bidding.

Moreover, section 15(b)(11), which requires collaboration with the Department of Social Services in situations where individuals transition from subsidies to Medicaid could be improved using the following language:

> Collaborate with the Department of Social Services, to the extent possible, to ensure that changes in individual or household income do not result in loss of coverage or disruption in the continuity of care or care providers as a result of changes in eligibility for (a) coverage through the Exchange, (b) coverage under medical assistance under Title XIX of the Social Security Act, and (c) tax credits and subsidies available through the Exchange

The basic goal is a seamless transition as income changes; a recent analysis documents that there is significant variation in income during the course of the year for those with incomes under 400% FPL. Ideally, individuals moving in and out of Medicaid would be able to keep their same providers and treatment system through the Exchange with just adjustment in the amount of premium and co-pays.

With regard to Navigators (§17), the list in §17 (a) is good, but should be expanded to include information about Medicaid and any other state health assistance programs, their eligibility standards and providing assistance with applications. Also, if insurance brokers and agents are used as Navigators and they sell non-Exchange insurance products; there will need to be some system to prevent them from steering individuals to non-Exchange products. The potential problem here is that insurance brokers and agents often receive a commission for each sale and a portion of annual premiums. If the Exchanges are doing their job in limiting premium costs, the brokers and agents won't be able to make as much for Exchange sales.

Finally, AARP supports the minimum requirement in §18(a)(5) that plans "meet specified quality, quality improvement and accreditation standards." However, this criteria could be strengthened if the plans are required to at least disclose – under §18 (a)(6) – the objective quality data and minimum quality standards used in selecting, monitoring and modifying the health care providers they chose for their networks. For consumers to choose wisely, they will need to be able to tell if the provider network was built based on the low bids or high quality. Finally, §18(a)(8) should include reduction of disparities in access to care and quality of care based on race and ethnicity.

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UNIVERSAL
HEALTH CARE
FOUNDATION
of CONNECTICUT

Testimony
Health Insurance Exchange Legislation
HB 6323
SB 921
Public Health, Insurance and Real Estate, and Human Services Committees
February 14, 2011

Jill Zorn
Program Officer
Universal Health Care Foundation of Connecticut

Thank you for this opportunity to provide testimony regarding proposed legislation to establish a health insurance exchange in Connecticut. My name is Jill Zorn and I am a Program Officer at the Universal Health Care Foundation of Connecticut, an independent non-profit foundation dedicated to achieving access to high quality, affordable health care for everyone in our state.

One of the central provisions of the Patient Protection and Affordable Care Act (ACA), is to encourage states to establish health insurance exchanges. Each health insurance exchange is envisioned to be an efficient and competitive marketplace where individuals and small businesses can purchase quality, affordable health insurance. The ACA requires the exchange to carry out a number of functions including:

- Certifying qualified health plans that may be offered in the exchange
- Administering premium tax credits and cost-sharing reductions funded by the federal government, in order to make the purchase of insurance affordable
- Responding to consumer requests and providing assistance through an easy-to-use website, call-center and other means
- Operating a seamless eligibility and enrollment process that matches consumers with the right insurance coverage, whether it be Medicaid, CHIP, or one of the insurance plans offered through the exchange

The federal government is providing funding for states to plan and establish their exchanges. By January 1, 2013 each state planning to run an exchange must satisfy the Department of Health and Human Services (HHS) as to their readiness to operate. By the summer or fall of 2013, exchanges will have selected the qualified health plans they will offer and will begin open enrollment procedures, so that consumers will be able to begin using insurance purchased through the exchange by January 1, 2014. The federal government will provide all necessary funding for the planning and establishment of the exchange. But by 2015, the exchange must be financially self-sustaining.

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Connecticut has already received a federal grant of just under $1 million to begin planning the exchange. In order to receive continued funding, we must develop a detailed work plan that shows progress in several priority areas including:

- Demonstrate the necessary legal authority to establish and operate an exchange that complies with Federal requirements.
- Establish a governance structure for the exchange.
- Demonstrate the ability to provide effective assistance to individuals and small businesses
- Avoid adverse selection
- Streamlined access and continuity of coverage (one stop shopping for eligibility and enrollment)
- Public outreach and stakeholder involvement
- Public accountability and transparency
- Financial accountability, including development of a budget through 2014 and developing a plan that shows how the exchange will be financially sustainable by 2015.

Given the complexity of the undertaking, it is critical that Connecticut move forward in the establishment of our exchange.

It was not until very recently, that resources became available to states to help them develop legislation. (A list of resources is provided at the end of this document). For example, the National Association of Insurance Commissioners (NAIC) released their model legislation in mid-December, 2010. The National Association of Social Insurance (NASI) released their legislative toolkit, which makes some suggested additions to the NAIC model at the very end of January, 2011. To-date, California is the only state to have passed exchange legislation since the passing of the ACA. With each passing week, more states are introducing exchange legislation. A further challenge states face is that planning and legislating must proceed while some of the crucial federal requirements have not yet been finalized.

In light of the fact that knowledge about the exchange is literally changing on a daily basis, the foundation would like to focus our testimony on SB 921 and HB 6323 on several key principles which we feel Connecticut's final legislation should meet.

1. Board composition

Both bills propose the creation of a quasi-public entity to operate the exchange and propose boards of similar size. They take different approaches, however, regarding board composition. SB 921 focuses on appointing a board that is representative of key stakeholders. HB 6323 focuses on creating a board that has the right types of expertise. Clearly it is important to have consumers, both individuals and small employers on the board. At the same time it is important to have board members that have the skills and background necessary to oversee what is going to be a highly complex organization that will have to meet high performance standards. The final legislation should aim to find the right balance between these two approaches.

2. Conflict of interest
The final legislation should have strong conflict of interest language to prohibit entities that will be doing business with, benefiting from or competing with the exchange, such as insurers or insurance brokers, from serving on the board. Such language is included in HB 6323. In contrast, SB 921 specifically permits board members with these sorts of conflicts, but says they must abstain from certain deliberations, actions or votes. We prefer the stronger conflict of interest provisions in HB 6323.

3. Exchange staffing
HB 6323 establishes that top executive positions, as determined by the board, will be exempt from classified service and will receive competitive salaries necessary to attract and retain qualified employees. This is a reasonable provision, given the nature of the expertise and experience that will be needed to operate the exchange effectively. SB 921, however, proposes to exempt all employees of the exchange from classified service. We do not agree with this approach.

4. Active purchaser
The legislation should assure that Connecticut is establishing an exchange that will carefully screen and negotiate with potential participating insurance plans in order to assure the best possible choices of quality, affordable plans. HB 6323 has stronger language regarding standards that should be met by health plans offered in the exchange.

5. Adverse selection
One of the most significant concerns surrounding the establishment of exchanges is whether health plans competing within the exchange will end up attracting sicker, more costly participants than plans offered outside the exchange. HB 6323 contains specific language regarding the importance of monitoring and responding to adverse selection, in order to assure the sustainability of the exchange.

6. Navigators
One of the functions of the exchange is to offer grants to "Navigators" who will conduct public information activities, distribute fair and impartial information and facilitate enrollment. The foundation believes that at least a portion of Navigator grants should be given to organizations focused on providing assistance to hard-to-reach populations. in order to maximize their enrollment. Massachusetts has set a good example of how supporting these types of organizations can lead to a significant reduction in the number of uninsured in the state.

7. Transparency and accountability
The health insurance exchange must operate in a manner that is both transparent and accountable to the public. HB 6323 has stronger provisions with regard to these concerns, including proposing to establish a consumer advisory council.

In closing, transparency and stakeholder input will be crucial to the success of Connecticut's exchange. Under the previous administration, little opportunity was provided for stakeholders, including consumers, small employers and advocates to

participate in the planning process. We fully expect that under the Malloy administration, stakeholders and consumers will be brought more completely and formally into the process. Progress is already being made in this regard. For example, just last Thursday, the Director of HHS's Office of Insurance Exchanges, Joel Ario, spent the day in Connecticut and met with Governor Malloy as well as officials and staff of the administration and the legislature. But I'm happy to report that consumer and small business advocates also had the opportunity to meet with Mr. Ario, as did organizations representing health care providers. This bodes well that future exchange planning in Connecticut will be conducted in an open and inclusive manner. Universal Health Care Foundation of Connecticut looks forward to lending our assistance to an exchange planning and establishment process focused on assuring access to quality, affordable health care for Connecticut's residents.

Resources

Office of Policy and Management web page on Connecticut's health insurance exchange planning: http://www.ct.gov/opm/cwp/view.asp?a=3072&q=471284 This page includes a copy of Connecticut's exchange planning grant application, an RFP for consulting help to move forward on exchange planning, and an announcement of the next meeting of the Connecticut Health Insurance Exchange Planning Grant Committee.

American Health Benefits Exchange Model Act, National Association of Insurance Commissioners (NAIC), adopted on December 16, 2010: http://www.naic.org/documents/committees_b_Exchanges_adopted_health_benefit_Exchanges.pdf.

Designing an Exchange: A Tool Kit for State Policy Makers, National Academy of Social Insurance (NASI), January, 2011: http://www.nasi.org/sites/default/files/research/Designing%20an%20Exchange_A%20Toolkit%20for%20State%20Policymakers.pdf

The National Academy for State Health Policy (NASHP) is continually updating a list of state laws, rules and regulations. See the section entitled, State Legislation: http://www.statereforum.org/state-laws-rules-and-regulations

National Conference of State Legislatures (NCSL) web page on exchanges: http://www.ncsl.org/IssuesResearch/Health/AMERICANHEALTHBENEFITEXCHANGES/tabid/21393/Default.aspx#basics

Health Insurance Exchanges and the Affordable Care Act: Eight Difficult Issues, Commonwealth Fund, September 30, 2010, Timothy Stoltzfus Jost, J.D.
http://www.commonwealthfund.org/Content/Publications/Fund-Reports/2010/Sep/Health-Insurance-Exchanges-and-the-Affordable-Care-Act.aspx

Health insurance Exchanges, Key Issues for State Implementation
http://www.statecoverage.org/files/Carey-ExchangesKeyIssues.pdf

Implementing Health Insurance Exchanges: A Guide to State Activities and Choices
http://www.familiesusa.org/assets/pdfs/health-reform/Guide-to-Exchanges.pdf

Cooperative Agreement to Support Establishment of State-Operated Health Insurance Exchanges, Funding Opportunity Number: IE-HBE-11-004, CFDA: 93.525. January 20, 2011, U.S. Department of Health and Human Services Office of Consumer Information Insurance Oversight. Provides detailed information about HHS exchange planning and establishment requirements:
https://www.grantsolutions.gov/gs/preaward/previewPublicAnnouncement.do?id=12241

Cooperative Agreement to Support Innovative Exchange Information Technology Systems. A grant application was submitted on Dec. 22, 2010 by Massachusetts (lead state on the application) in collaboration with all of the New England states, including Connecticut. This grant will reward states that demonstrate leadership in developing cutting-edge and cost-effective technologies, best practices and models for insurance eligibility and enrollment for the state-based health insurance exchanges. Awards are expected to be announced in mid-February. If this project receives a grant, it should help Connecticut move forward with the highly complex task of developing and modifying IT systems that will be needed to meet eligibility, enrollment and reporting requirements. https://www.grantsolutions.gov/gs/preaward/previewPublicAnnouncement.do?id=12017

JOINT
STANDING
COMMITTEE
HEARINGS

PUBLIC
HEALTH
PART 5
1418 – 1735

2011

mhr PUBLIC HEALTH COMMITTEE March 23, 2011 10:00 A.M.

CHAIRMEN: Senator Gerratana
Representative Ritter

VICE CHAIRMEN: Senator Slossberg
Representative Lyddy

MEMBERS PRESENT:
SENATORS: Kane, Prague, Stillman

REPRESENTATIVES: Perillo, Abercrombie, Ackert, Ayala, Betts, Carter, Hetherington, LeGeyt, Lesser, Nardello, Olson, Ryan, Srinivasan, Stallworth, Widlitz

SENATOR GERRATANA: This is your Chair, acting badly here.

A VOICE: Okay, (inaudible).

SENATOR GERRATANA: Good morning, and thank you for coming to our public hearing here on the Public Health Committee.

And we'll start our testimony, and the first person is Jeannette DeJesus, for the DPH, on Bill 1204.

Thank you.

DEPUTY COMMISSIONER JEANNETTE B. DeJESUS: Morning.

SENATOR GERRATANA: Good morning.

DEPUTY COMMISSIONER JEANNETTE B. DeJESUS: Hi. SB1204 HB6323 SB921

Representatives, thank you for allowing me to speak from my position as advisor to the Governor on health reform.

I'm here to speak on AN ACT ESTABLISHING THE CONNECTICUT HEALTH INSURANCE EXCHANGE, Senate Bill No. 1204. You have written testimony; I won't -- I won't start your day by reading to you, as I'm sure that you're all very capable of doing that. But I would like to take the opportunity to point out some information that we believe is important in moving forward on the exchanges.

Just by way of background, I'm sure you're aware that beginning in 2014, that the federal act for health reform requires that the state establish an exchange. We have, under previous testimony, indicated that we are interested in establishing our own exchange. This exchange will allow affordable health insurance to be offered to the people of Connecticut.

One of the most important steps in the development of Connecticut's exchange is the passage of legislation authorizing the exchange, and we are, you know, satisfied that we're all on the same page about that and understand the importance of establishing this exchange before the end of this legislative session.

Now, to that end, there are three legislative proposals that have been introduced. We have, in the past, testified on behalf of the OPM bill, that we are supporting, and the House Bill No. 6323. Let me just point out that there is a -- an error, which I apologize for. It is not Senate Bill 921 but OPM Bill 921, which been introduced by the Office of Policy and Management. The House bill, as you know, has been introduced by Speaker Donovan, and the Senate bill, which is new to us, Bill 1204, has been introduced by Senator William's office. There are a number of

similarities between these three bills. Each would establish a quasi-state board of directors, all three bills using, you know, varying language by the National Association of Insurance Commissioners have been -- has been employed to develop these exchanges. And all three bills include the necessary requirements for the Affordable Care Act. So we're off to a very good start in that regard.

However, there are some significant differences between the bills that are of a great concern to us, which I'd like to share with you. During the Public Hearing held on February 14th, with our -- with your committee and the Insurance and Real Estate and Human Services Committee, we outlined some of these concerns, with regard to House Bill 6323. Now Senate Bill 1204 satisfactorily addresses some of those concerns, but we continue to be concerned about a couple of things that I'd like to share with you, very specifically.

The composition of the board: All three bills propose a quasi-state entity, which we all agree with, but the bills differ significantly in terms of the appointments to the board of directors. The OPM bill proposes 13 members with the Governor having four appointments. The Senate Bill 1204 proposes seven board members, with the Governor making only one appointment, and the other six appointments being made by legislative leaders; four state agencies and the Health care Advocate are included on the board, but not as voting members. We believe that the Executive Branch representation on the board of directors, as proposed in Senate Bill 1204 is insufficient. Considering the close collaboration that has to happen between the Executive Branch and the other programs in state government, we think it is imperative that we have a stronger Executive

Branch representation.

The second issue is the issue of exemption from exchange employees from classified service. I want to be very clear in why we would like maximum flexibility in the hiring of employees. We are under a very tight deadline in -- do you -- are you okay? Okay. We're under a very tight deadline imposed by the federal government that this exchange has to be up and running by 2014.

Some folks would consider that most of the states are late already, despite the fact that we have a couple of years. To require that the exchange hire only classified employees is fine if you have the expertise and the skill level that you need. And I -- I would imagine that every effort would be made to -- to do that. But we need flexibility in order to make sure that we meet these deadlines.

Not meeting these deadlines would jeopardize our ability to get multiyear funding to implement health reform in the state. There is absolutely no other program in the state, including SustiNet, that would be able to implement its reforms if we did not get federal funding. And so this is a very serious issue that I would ask the committee to please consider. And I, in conversation with your colleagues, have expressed flexibility in making assurances that I would hope we could consider.

The third issue that is of concern to us is the state mandate -- mandated insurance benefits. Now, there appears to be a contradiction in this bill. It appears that the bill requires that health plans sold through the exchange not only include federally required essential health benefits' packages but also include all

additional state-mandated insurance coverage. Senate Bill 1204 also, though, requires the exchange to report to the General Assembly regarding whether such a state-mandated coverage should be required. And so there seems to be a contradiction there, and we would need some clarity on that.

The subsidies that will be provided by the federal government in the exchange will be tied to these essential health benefits. The federal government has not developed any guidelines about that and -- and won't likely complete the work on that until next year. It is a very, very big issue for the federal government. They have engaged the Institute of Medicine in advising them. They've -- they've engaged other think tanks, progressive think tanks to help advise them on that, and we feel really strongly that we could benefit tremendously from waiting for that guidance before we make this decision.

Due to the potential cost to the state of requiring benefits above these essential health benefits, it's advisable to wait so that we can know what these premiums will be, what these subsidies will be, and what the actual cost to the state will be. There is no disadvantage to the state or to the people of Connecticut in waiting.

Senate Bill -- I'm sorry -- OPM Bill 921, the administration bill, calls for the study of this issue and to report to the Governor and General Assembly. So we will have a lot of information in order to make these decisions. We believe strongly that we need a very prudent approach with this issue.

There is another issue which presents to us a grave concern, and that is in -- in Senate Bill

1204, and that is limiting health plans in the exchange. You know, one of the central tenets of health care reform is having choice and competition and government transparency drive quality. If we are entering this by limited that very thing which we hope will provide the -- the quality and the cost savings that we need, I think that we may be off to a very -- a bad start. The goal should be to create an exchange which is robust, competitive, which provides all of Connecticut residents with the most choices for quality, affordability, and -- and insurance coverage.

The basic health program: I -- I would like to refer you to my testimony on March 15th, concerning the Administration's position on the basic health plan. And let me just say this as we move forward, it is, I think, entirely possible that the basic health plan as described by the federal government at this point, even considering its limitations, might be a very good choice for Connecticut. Our position is that we simply don't know that yet. I have yet to find or understand what disadvantage Connecticut would be in to let this decision wait, six, eight, ten months until we have guidance. I -- I frankly don't know why we would put this stipulation in there without having sufficient information, when we are at absolutely no disadvantage at all, financially with regard to this population.

We are highly motivated to make sure that this population has what it needs in order to have comprehensive coverage. If we don't care about that, then our exchange will be compromised, and so I can assure you that this is important. I can also assure you that it does not seem necessary to make provision for this now. And so we would like to wait until we have the information. The information will come to you.

You will be engaged in the process of understanding why and how and how much. And we think that would be a very good process. So we are -- we are not in support of stipulating for a basic health plan now.

In conclusion, I'd like to reiterate a position that we have had, which is -- and which we believe -- that the exchange is the central, arguably the most significant creation of federal health care reform. It is imperative that we get this right. We have so few opportunities to create something with our entire population in mind with the information that we need to make the right and prudent choices. We are there right now. We believe we're engaged in a process with you that will enable us to make the very best decisions that we are capable of right now. And I ask that you please allow us to do that by helping us to stay to the basic construct of what the exchange should be, which in the end will allow us to put all of those things in that we all care so much about.

And so thank you, very much, and I look forward to continuing my work with you.

SENATOR GERRATANA: Thank you, so much, for your testimony. I know I'm looking at the other exchange bills also, and I appreciate -- I'm having a technical glitch. I couldn't access your written testimony, but I did --

DEPUTY COMMISSIONER JEANNETTE B. DeJESUS: Well, I --

SENATOR GERRATANA: -- hear some of the points.

DEPUTY COMMISSIONER JEANNETTE B. DeJESUS: May I approach you? I can give you this.

SENATOR GERRATANA: Oh, certainly. Thank you. I just called my aide and asked her to bring down --

A VOICE: (Inaudible.)

SENATOR GERRATANA: -- the other. All right. Oh, thank you. Thank you, so much.

A VOICE: (Inaudible.)

SENATOR GERRATANA: Oh, wonderful. Thank you, so much.

A VOICE: (Inaudible.)

SENATOR GERRATANA: Thank you.

With the composition of the board, I know you commented that it would be insufficient. Who do you see or who do you think should be on the board? Are -- do you feel that the other bills address the board composition appropriately.

DEPUTY COMMISSIONER JEANNETTE B. DeJESUS: I am tremendously in favor of the Governor's position on this. I -- I believe that the bill that has been proposed, Bill 921, addresses concerns, multiple concerns with regard to representation. It, I think, has a very healthy mix of appointees from the Governor, from the Senate, from the House. It includes community members. It -- it, I -- I believe is an inclusive approach that allows for diverse perspectives, and while I -- I would in a, you know, I think that that is an appropriate number of people, with a stipulated -- with -- with the -- the appropriate amount of representation from the Assembly and Legislature, and the Governor's Office.

SENATOR GERRATANA: Thank you, very much.

DEPUTY COMMISSIONER JEANNETTE B. DeJESUS: You're welcome.

SENATOR GERRATANA: And I'm reading over your testimony now, also.

But I want to ask if there's anyone else on the committee who has any questions.

Representative Perillo.

REP. PERILLO: Madam Chair, thank you, very much.

And, you know, thanks for putting this all together for us. You know, we obviously right now are bombarded by a number of different bills attempting to address the same topic. One of my concerns is that by trying to merge them in a way that -- that is something of a mishmosh, we actually endanger the intent of what we're trying to do in the first place. How -- how do you suggest that we navigate that? We have multiple exchange bills; we've got SustiNet sit out there. Many would believe, myself included, that we are putting the cart before the horse on most of that. What is your recommendation to this committee as to how we proceed?

DEPUTY COMMISSIONER JEANNETTE B. DeJESUS: I think that stay -- sticking to the National Insurance Association's protocol to setting up an exchange, which has been shared with all of the states, is a very good place to start. And that would enable us to move forward in a way that gives us maximum flexibility, so that at each phase of this federal health care reform implementation, you will have the information that you need to make the very important decisions that have to be made with regard to the exchange.

Now, I -- I can tell you, I have a very, very sort of purist approach to the exchange, because I believe so strongly that as the marketplace for buying insurance for the future and for addressing the needs of our most vulnerable populations, that we have to take that into account. And so having a governing structure that is inclusive and represents the, you know, the -- the interests of the people of Connecticut, I think is very important.

Having a quasi-structure, I think, is also very important, because it allows us to have the transparency of government and it allows us to also have the competition that we so need. Those two elements together, we believe will help to drive the quality and the cost that -- that is so needed when we look at our most vulnerable populations and -- and our middle class as well. We have to keep in mind that we're creating an exchange for all of the people of Connecticut.

I don't think that that -- that sticking to that prevents us from including other things later. In fact, it enables us to be, I think, more thoughtful about these interests that we have that -- that are so significant to us. So we have the governance. We have, you know, the ability to hire employees. I'm terribly concerned that to find the people that we need with the types of skills that we need in order to run this exchange, we need flexibility.

You know, certainly the board, the -- the proposal, the -- the piece of legislation that we have proposed says that by July 1, we will have a board together. That board will hire the executive director, and it is that group working with the Legislature that will make the important decisions about the exchange. We

believe that's an appropriate approach. You know, we -- we pull out of it and allow this group of people that has been, you know, put in place by you to make the important policy decisions that have to be made. And so I would -- I would caution you to please, whatever you decide to do, keep in mind that this is something that is going to become the core of health care reform in the state.

I'm sorry if I went on too long. I feel a little bit passionate about exchanges lately.

REP. PERILLO: No. No, thank -- thank you for the answer.

You know, this may be straying somewhat off topic but it's still somewhat related, as to how SustiNet would then roll into the exchange, I foresee some problems there and -- and not the least of which is the possibility that the quasi-governmental agency managing the exchange could also be a competitor in the exchange. We talked about competition before. How do we reconcile that?

DEPUTY COMMISSIONER JEANNETTE B. DeJESUS: Do you know, I'm not understanding, actually, your -- the first part of your question about quasi. The way that we envision it is the exchange is separate from any other organization and insurance plan, so it is separate from SustiNet. This is -- this is -- we are establishing an exchange which will have this -- this governing body, which is the Connecticut Health Insurance Exchange; so we have that.

Within that exchange, we will have the four medical plans that are required by the federal government; Bond's plan, I mean all those plans, and a catastrophic plan. Within each

one of those levels we will have insurance companies provide, you know, offer products. SustiNet is here. SustiNet may, as anyone else could, offer whatever products they want within the exchange, as long as those products meet the certification standards that are set up in the exchange. And so I would view them as separately. The exchange that we're asking to -- that we're creating now, as required by the federal government, is an entity. And anyone who can -- wants to offer plans in there ought to be able to do it.

The Senate bill requires that there be a limit to who can offer plans in that exchange. That is not our position, the Administration's position. So I would -- I would keep SustiNet, as I would keep insurance companies, separate from the exchange construct and development right now.

REP. PERILLO: Thank you. And I think you make a very important distinction, because I think there is some confusion as to what the role of SustiNet would be as it pertains to the exchange. And, quite frankly, given the fact that we've got multiple bills floating around on all sides of the issue, and that simply exacerbates the confusion. So --

DEPUTY COMMISSIONER JEANNETTE B. DeJESUS: May I offer another clarification --

REP. PERILLO: Please do.

DEPUTY COMMISSIONER JEANNETTE B. DeJESUS: -- which I think is a, may be a form of confusion. The basic health plan cannot be offered within the exchange. The basic health plan sits outside of the exchange. And so there is really no question. In -- in our exchange -- in this exchange bill, we -- our approach was to just

keep it about the exchange. And the basic health plan is a policy, we believe, a policy issue which is outside of the exchange. It can never be in the exchange; I mean, that's my understanding of it.

REP. PERILLO: In your opinion, what is the incremental benefit to creating the basic health plan versus just targeting those individuals and moving them into the exchange? One could argue that, you know, the creation of the basic health plan isn't necessary, per se, provided we're able to give folks who would have been eligible opportunity to get into the exchange.

DEPUTY COMMISSIONER JEANNETTE B. DeJESUS: Right. I would say that I don't really have an opinion, a personal opinion about it, but I can share with you that from the folks that we talked to, that the basic health plan may be a good option for Connecticut. We simply don't have enough information to make that determination.

The other thing is that we are concerned about this -- this group of people, the folks that are between 133 and 200 of the federal poverty. You know, that is a very vulnerable group of people that we believe we need to look at very carefully, and we will do that. We just don't think that it's time to do that now. And we don't understand. I don't understand. I would -- I would welcome some clarity why there is this need to get this in there now without having sufficient information about it. I just -- so while I think that it may be a very good choice for Connecticut, and I think we should have some very robust conversation about it, we just don't think that now is the time for that.

REP. PERILLO: Thank you, very much. And -- and to your last question, I can't answer that. I --

I don't exactly what -- what's on fire here that we're in such a rush.

But thank you, very much.

DEPUTY COMMISSIONER JEANNETTE B. DeJESUS: Thank you.

SENATOR GERRATANA: Thank you. Did -- would you --

Yes, Representative Lyddy has a question.

REP. LYDDY: Thank you, Madam Chair.

Thank you, so much for your testimony over here.

This may be exchange 101, but can you describe to me and help me understand what the independent insurance agents' or brokers' role would be in this exchange or in any exchange?

DEPUTY COMMISSIONER JEANNETTE B. DeJESUS: No. Do you know, I know -- I know it may -- I know it may appear -- I may be frustrating, but we're exchanged in a process right now that is somewhat -- it's very, very focussed. The issue of the role of brokers, insurance companies, SustiNet, any other plans, those are policy decisions that are rightfully made in this chamber with other representation. Those are not decisions that we're making now.

The only thing that we are trying to do now is to get the State of Connecticut to say we will have our own exchange; this will be its governing structure; this is how we will do it, and we will take this issue up again in six months, eight months, ten months, because we will have to answer these questions.

So I -- I, you know, you can look at Massachusetts and see what they have done with the brokers. I can tell you that the brokers believe that they play a very important role, especially with regard to small businesses. And -- and so I feel like I already --

REP. LYDDY: That's very --

DEPUTY COMMISSIONER JEANNETTE B. DeJESUS: -- said that.

REP. LYDDY: -- good. I appreciate your honesty and your candor. Thank you.

Thank you, Madam Chair.

SENATOR GERRATANA: Yes. Representative Srinivasan.

REP. SRINIVASAN: Thank you, Madam Chair.

Thank you very much for your testimony, and you couldn't have said it better. I mean, this is an opportunity we have to create the exchange, and we should create -- take our time and create the right exchange rather than being in a hurry to create something. I -- you said that extremely well, and I want to thank you for that, because that's how I also feel.

And given the right -- the time frame in your mind, you know, if everything falls into place, given a little bit of a extra time for latitude, what is your estimated feeling that an exchange would be up and running for us here in Connecticut, something that we all will be happy about and comfortable, making sure that we do it right? Do you have a time frame?

DEPUTY COMMISSIONER JEANNETTE B. DeJESUS: I can't -- I can't guarantee happiness, but we have -- we are on a very, very aggressive schedule, as

dictated by the federal government, that these exchanges have to be up and running by January 1 of 2014.

Now, I can tell you that we are in the -- in the -- we -- we, as you may recall, we have a planning grant from the federal government that requires us to do five or six different things. The completion of those things is important because we can't apply for implementation funding until we complete those things. And we are in the process of doing that. So with the information that we glean from that process, for example the market analysis that we are going to begin in the next three to four weeks, we will have the necessary information to apply for the implementation grant. It's important that we get that implementation grant so that we can look at all of these issues that, you know, are important to you and have the data and information that you need to make those decisions. So there is a drop-deed date of January 1, 2014, for up -- having this exchange up and running.

And so we get this piece of legislation passed now, that enables us to get that board together, the executive director. We come back -- they come back to you with all of these other policy issues that need to be decided upon.

REP. SRINIVASAN: So we're still looking at making sure that we meet that mandate of it, of the 2014?

DEPUTY COMMISSIONER JEANNETTE B. DeJESUS: Absolutely.

REP. SRINIVASAN: Okay; great. I wasn't sure if we would --

DEPUTY COMMISSIONER JEANNETTE B. DeJESUS: If -- if we --

REP. SRINIVASAN: If you were asking in an indirect way an extension for that as well, obviously not from us, for that's a federal mandate --

DEPUTY COMMISSIONER JEANNETTE B. DeJESUS: Right.

REP. SRINIVASAN: -- that -- but whether you feel to get it right we may need even more time. That was my concern. But you made it very clear that we will try to, for the -- to apply for the implementation grant, make sure we come within that time frame as well.

DEPUTY COMMISSIONER JEANNETTE B. DeJESUS: Absolutely, Representative. It is the federal government's requirement and, you know, we too feel the urgency of the people of Connecticut to have insurance products that are affordable and high quality. So -- so we want very much to meet these deadlines because we know that the, you know, the people of Connecticut really need this and that -- and so we're very well aware of that.

REP. SRINIVASAN: Thank you, very much, for the clarification.

Thank you, Madam Chair.

SENATOR GERRATANA: Yes, absolutely.

Any more questions or comments?

I have a couple. The first is in, you know, the previous discussion on implementation. It's my understanding that our health insurance exchange laws, statutes have to be enacted this year. I just want to make that clear.

But, secondly, you know, as we go through this process with the basic health plan, you stated that it should or cannot be inside the exchange, and I would like to know why.

DEPUTY COMMISSIONER JEANNETTE B. DeJESUS: I -- I believe that is a requirement by the federal government, and I'm going to look over at my colleagues to confirm. That is my understanding, and it is a requirement of the federal government that it not be in the exchange. I -- I would assume that there are issues with regard to adverse selection and those sorts of things.

Do you know there -- there are, you know, with regard to the maximum flexibility, you know, there are a lot of models that can be used. I'm not referring specifically to the basic health plan but, you know, we could include all Medicaid folks in 2017 in the exchange. We could include all state employees in it. I mean these -- these are not decisions, these are -- these are options that are available to us. And so there are many decisions out there that we will, as we move forward, you know, be able to consider.

SENATOR GERRATANA: Well, although I've just been elected recently, I've been following somewhat, some of what has been happening in the state. And it seems as though, so far, from being an outside observer, that the state is moving toward, first with SustiNet, and then towards a pooling or getting people into a pool and being able to participate a lot sooner than 2017.

DEPUTY COMMISSIONER JEANNETTE B. DeJESUS: The Governor has made it clear that the state is interested in implementing federal health care reform. The big -- the big item with federal health care reform is the establishment of the

exchange. In fact, with regard to law, there is nothing else with regard to federal health care implementation. I mean, this is the -- the real thing. And that has to be done by 2014, not 2017; 2017 is a date for other -- other -- for other decisions with regard to the exchange.

SustiNet is separate, related in some way -- in -- in some ways in that we share values and we share interests in many of the mechanisms that are in SustiNet are part of federal health care reform, which we're very interested in. And, you know, the PCCM is -- is the mechanism that's available to us. Medical home is a mechanism that's available to us. All of these delivery system innovations are available to us through the federal money, and the savings is through the federal -- through the federal government.

SENATOR GERRATANA: Thank you, very much.

Are there any other questions? If not, thank you, so much --

DEPUTY COMMISSIONER JEANNETTE B. DeJESUS: Thank you, so much.

SENATOR GERRATANA: -- for your testimony.

Let's see, also from DPH, we have Wendy Furniss.

WENDY H. FURNISS: Good morning, Senator Gerratana, Representative Ritter, and distinguished members of the committee.

I'm Wendy Furniss. I'm a branch chief at the Department of Public Health. I'd like to comment on two bills that are before you today, Senate Bill 1184, the HEALTH CARE FACILITIES

HB6618

JOINT
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2011

is incorporated into statute.

Thank you.

SENATOR GERRATANA: Thank you, very much.

Are there any questions? If not, thank you for your testimony today.

Next person is Eric George.

ERIC J. GEORGE: Senator Gerratana, Representative Ritter, members of the Public Health Committee, my name is Eric George. I'm associate counsel for the Connecticut Business and Industry Association, and I'm here today to offer my comments on Senate Bill 9 -- pardon me -- 1204. I was getting the one that I actually do support mixed up with the one that we have today.

SB921

Senate Bill -- I want to start off -- I'm sorry. If you can't be -- if you can't have any levity, come on; I mean, then it's just not worth it.

We strongly support the creation of a health insurance exchange. I just want to make sure that we're all in agreement there. We do need to do this. We do need to be in compliance with the federal law, and we believe that we need to do this is a way that bolsters and strengthens our private market, also in a way that brings all stakeholders to the table.

Senate Bill 1204 doesn't do that. Notably, in Section 2, if you have health care experience, if you have genuine experience and knowledge in this area, you are not allowed to participate on the board. I understand the purpose for this, but I'll say that the unintended consequences of it is that you'll be telling a

lot of individuals who have knowledge and could bring good experience to the table that they will not be included in the board. We think that that is a -- a mistake on the -- on the bill's part; however, we would like to work with you and the Insurance Committee and the rest of the Legislature in terms of putting together a piece of legislation that does put a health insurance exchange in Connecticut. We need to have it by 2014; we need to get the ball rolling now.

Senate Bill 921, as I referred to before, is based off of a model legislation that was drafted by the National Association of Insurance Commissioners. We believe that the good work that was done by the NAIC in this area really should be considered strongly. I know that the Administration has come out in strong support of Senate Bill 921, and we would hope that you would do as well.

So I thank you. I appreciate you putting up with my joke in the beginning of the testimony.

SENATOR GERRATANA: Well, thank you, so much, for your testimony.

Are there comments, concerns, questions?

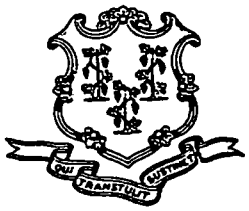
Representative Ritter.

REP. RITTER: I got all excited at the thought you were here to support our bills. So thank you for --

ERIC J. GEORGE: I love --

REP. RITTER: -- raising my --

ERIC J. GEORGE: -- the general idea.



STATE OF CONNECTICUT

DEPARTMENT OF PUBLIC HEALTH

TESTIMONY PRESENTED TO THE PUBLIC HEALTH COMMITTEE
March 23, 2011

Jeannette DeJesùs, Advisor to the Governor on Health Care Reform, Deputy Commissioner
(860) 509-7101

Testimony Regarding Senate Bill No. 1204

AN ACT ESTABLISHING THE CONNECTICUT HEALTH INSURANCE EXCHANGE

SB921
HB6323

Senator Gerratana, Representative Ritter and distinguished members of the Public Health Committee, thank you for the opportunity to offer testimony on Senate Bill 1204, An Act Establishing the Connecticut Health Insurance Exchange.

Beginning in 2014, as required by the federal Affordable Care Act, Americans will have access to health care coverage through newly established Exchanges in each state. Individuals and small businesses can use the Exchanges to purchase affordable health insurance from a choice of products offered by qualified health plans. Exchanges will ensure that participating health plans meet certain standards and facilitate competition and choices by rating health plan quality. Individuals and families purchasing health insurance through Exchanges may qualify for premium tax credits and reduced cost-sharing if their household income is between 133 percent and 400 percent of the Federal poverty level. The Exchanges will coordinate eligibility and enrollment with both the State Medicaid and Children's Health Insurance Programs to ensure people have affordable health coverage.

The Affordable Care Act allows states to choose whether to develop their own Exchange or turn this responsibility over to the federal government. Governor Malloy has made it clear that the development and operation of a Health Insurance Exchange for the benefit of the citizens of Connecticut is too important a responsibility to cede to the federal government. The federal government is encouraging states to establish their own Exchanges by fully funding the costs of planning, development and the initial operation of the Exchange through December 31, 2014.

One of the most important steps in the development of Connecticut's Exchange is the passage of legislation authorizing the Exchange and establishing the Exchanges governing structure. In fact, for Connecticut to be eligible for multi-year funding from the federal government for the development and operation of the Exchange through December 31, 2014, we must have authorizing legislation passed.

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To that end, there are three legislative proposals that have been introduced to authorize the development of an Exchange. Senate Bill 921 was introduced by the Office of Policy and Management, House Bill 6323 was introduced by Speaker Donovan and the third bill, Senate Bill 1204, was introduced by Senator Williams and is the bill we are testifying on today.

There are many similarities between all three bills. Each bill would create a quasi-State entity with a Board of Directors that would oversee the development and ongoing implementation of the Exchange. All three bills use varying amounts of language that has been developed by the National Association of Insurance Commissioners as part of their model Exchange legislation. And, all three bills include the necessary requirements from the Affordable Care Act to assure Connecticut is in compliance with federal government.

However, there are some significant differences between the bills that are a cause of great concern to us. During a public hearing held on February 14th with your Committee and the Insurance and Real Estate and Human Services Committees, we outlined some of our concerns with House Bill 6323. While Senate Bill 1204 satisfactorily addresses some of these concerns, we still have major concerns regarding some of the provisions included in Senate Bill 1204 as detailed below.

Composition of Board of Directors:
While, as noted above, all three Exchange bills propose a quasi-State entity to develop and operate the Exchange, the bills differ significantly in terms of the appointments to the Board of Directors. Senate Bill 921 proposes a thirteen member board with the Governor having four appointments and the inclusion of the Departments of Social Services and Public Health and the Office of Policy and Management as voting members and the Insurance Department as a non-voting member. The remainder of the appointments would be made by legislative leaders.

Senate Bill 1204 proposes a seven member Board of Directors with the Governor making only one appointment and the other six appointments being made by legislative leaders. Four State agencies and the Health Care Advocate are included on the Board, but as non-voting members.

We believe the Executive Branch representation on the Board of Directors as proposed by Senate Bill 1204 is insufficient. Considering the close collaboration with the Executive Branch required in terms of vital interfaces with public medical assistance programs and information technology, the impact on the health insurance markets and regulation and the potential State policy and budget impacts, we believe strongly the Executive Branch should have greater voting representation on the Board as is proposed in Senate Bill 921.

Exemption for Exchange Employees from Classified Service:
Senate Bill 1204 exempts only Exchange managerial employees from the classified service. Senate Bill 921 exempts all Exchange employees from classified service. The federal government has set some very aggressive timelines for states to develop and operate the Exchange. The Exchange must in place by January 1, 2013 in order to be certified by the federal government and must be fully operational by January 1, 2014. These deadlines require that the Exchange be able to hire the most qualified staff in the shortest period of time. Requiring that all non-managerial employees be hired through the classified service will seriously hamper the Exchange's ability to quickly staff up with qualified individuals and could jeopardize Connecticut's ability to meet the federal government's deadlines.

State Mandated Insurance Benefits:
It appears that Senate Bill 1204 would require that health plans sold through the Exchange not only include the federally required Essential Health Benefits (EHB) package but also include all additional State-mandated insurance coverages. However, Senate Bill 1204 also requires the Exchange to report to the General Assembly regarding whether such State-mandated coverages should be required leaving the intent of the bill unclear.

The subsidies that will be provided by the federal government in the Exchange will be tied to the EHB package. The federal government has yet to develop the EHB and likely won't complete its work until the end of this year. If a State requires that health plans in the Exchange cover benefits above and beyond the EHB, then the federal government requires the State to subsidize the premiums for the additional benefits. Due to the potential cost to the State of requiring benefits above the EHB, it is advisable to wait until the federal government determines the EHB and what the premium subsidies will be. Senate Bill 921 calls for the Exchange to study the issue and report to the Governor and General Assembly. We believe strongly this is the most prudent approach.

Limiting Health Plans in the Exchange:
Senate Bill 1204 would require the Exchange to limit the number of health plans to be offered in the Exchange. We have serious concerns with making such a policy decision without federal guidance on Exchanges from the federal government. The goal should be to create an Exchange which provides Connecticut residents with the most choices for quality, affordable health insurance coverages.

Basic Health Program:
Another major concern with Senate Bill 1204 is a provision that would require the Department of Social Services to establish a Basic Health Program (BHP) beginning in 2014 as is allowed under the Affordable Care Act. The BHP would be funded by the federal government providing the State with 95% of the premium subsidies it would have provided to individuals with incomes between 133 – 200% of the federal poverty level had those individuals purchased insurance through the Exchange.

While the BHP may turn out to be the best option for these individuals and for the State, there is too much information that is not known at this time that will be critical in making a reasoned, informed decision regarding the BHP. Until the federal government provides guidance on the Essential Health Benefits package, and we have a better sense of the funds that might be available for a BHP, it is premature to require the State to establish a BHP. In addition, since a BHP cannot be implemented prior to 2014 there is ample time to study this matter and address the BHP in legislation next year.

In light of the fact that the federal government has yet to provide the necessary guidance on Exchanges to help states design their Exchanges and that we have some time to take a measured approach to developing our Exchange, we believe that any Exchange legislation should not make any policy decisions at this time. Senate Bill 921 takes the approach of setting up the Exchange Authority and governance structure, but addresses the policy decisions through a requirement that the Exchange report to the Governor and General Assembly by 2012 with recommendations on how to proceed with some of these very important issues.

Thank you again for the opportunity to present this testimony. I am more than willing to answer any questions you may have.

TESTIMONY
BEFORE THE
PUBLIC HEALTH COMMITTEE
LEGISLATIVE OFFICE BUILDING
MARCH 23, 2011

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.

While the federal government has passed health care reform, more needs to be done to lower costs. 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.

Therefore, CBIA asks this committee to reject **SB 1204, AN ACT ESTABLISHING THE CONNECTICUT HEALTH INSURANCE EXCHANGE.** CBIA strongly supports establishing a health insurance exchange in Connecticut in order to comply with the recently enacted Federal Patient Protection and Affordable Care Act. However, CBIA urges this committee to support a health insurance exchange that supports and strengthens our existing private market. This is imperative so that we not only stop shedding jobs, but actually reverse our existing job loss trend and begin growing Connecticut's workforce and our economy.

The legislature is already considering an exchange bill that does just that - **SB 921. SB 921** has already been approved by the Insurance Committee and we strongly urge you to support that legislation as the health insurance exchange vehicle and that you reject **SB 1204.**

Section 2(b)(4) of **SB 1204** is especially concerning since it says that anyone with genuine experience in the health insurance field is barred from serving on the exchange's board. Foregoing the benefit of such expertise at any stage of the exchange's development (especially during its infancy) is simply bad public policy.

We urge you instead to support **SB 921,** which fosters and supports the private market, brings all stakeholders to the table and is based on the good work already performed by the National Association of Insurance Commissioners (NAIC). The NAIC's health insurance exchange model legislation served as the basis for **SB 921.**

Again, please reject **SB 1204** and support **SB 921.** Thank you for your consideration.

S – 623

CONNECTICUT
GENERAL ASSEMBLY
SENATE

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Senate Bill 21; Calendar page 28, Calendar 57, Senate Bill 312.

THE CHAIR:

Thank you, Senator.

Mr. Clerk.

THE CLERK:

Calling from Senate Calendar for Tuesday, May 31, 2011, matter marked "Order of the Day," Calendar page 41, Calendar Number 385, File Number 626, Senate Bill 921, AN ACT ESTABLISHING A STATE HEALTH INSURANCE EXCHANGE; Favorable Report of the Committees on Insurance, Government Administration and Elections, Finance, Revenue and Bonding, and Appropriations.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Thank you, Madam President.

And, Madam President, I move for acceptance of the Joint Committee's Favorable Report and passage of the bill.

THE CHAIR:

Acting on approval of the bill, will you remark further, sir?

SENATOR CRISCO:

Yes, Madam President.

Madam President, the Clerk has an amendment, LCO Amendment 7830; I request that it be called.

THE CHAIR:

Mr. Clerk.

THE CLERK:

LCO 7830, which will be designated Senate Amendment Schedule "A," is offered by Senator Crisco of the 17th District, et al.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Madam President, I move its adoption and be given permission to summarize.

THE CHAIR:

The question is on adoption.

Will you remark, sir?

SENATOR CRISCO:

Thank you, Madam President.

Madam President, this is the State Health Insurance Exchange legislation that is required, you know, by the federal government for states to implement, or if they do not implement, then the

federal government will implement their own particular structure. It is an extremely important bill that the state has to adopt.

And let me state, Madam President, and members of the Circle, you know, I -- I have on my desk a quote from Emerson that was given to me by Senator Maynard. It says, Do not go where the path may lead, go instead where there is no path and leave a trail. Madam President, it is my hope that this is the beginning of a trail, by this august body, to adopt various pieces of legislation to make insurance available and affordable to the people of Connecticut.

The first part on this trail is the insurance exchange, and I want to express my appreciation to President Williams for his leadership and providing support for this important piece of legislation.

This insurance exchange -- and we will be the leaders in the country, in regards to the model that we adopt -- it creates a quasi-public agency known as the "Connecticut Health Insurance Exchange," with powers vested in a -- in board of directors with various expertise. It also describes the power and goals of the exchange and requires -- another section requires the exchange to carry out certain duties and

functions. It provides, basically, almost like a brokerage, but it is an exchange for people who want to go on-line, who want to telephone to get as much complete information about affordable and certified health care plans.

The exchange will offer these certified plans based on certain criteria. They'll be certain levels of -- of plans, bronze, silver, and gold, and with different specifications. It's just an unbelievable step towards achieving the goal of ensuring that our people in Connecticut have as many options as possible in order to acquire health care.

There will be assistance from what's knows as "Navigators," and they are various. This could be a Chamber of Commerce who could help people navigate through the options that are available. It is just amazing what we could accomplish. Of course, this all comes under the, you know, under the requirements, as I said before, of the Affordable Health Care Act.

In addition, to provide for accountability, the CEO of this exchange has to issue a report to the Governor and to this General Assembly, no later than January 1, 2012, and annually, thereafter, until 2014,

on various components that are required in the legislation.

So, Madam President, this really creates a -- a path that we're going to travel down to achieve that goal of making sure that there is affordable, in health care insurance plans. But now also, you know, we talk sometimes about costs, but this is one area that we also have to visualize the benefit and the savings that will result from us embarking upon this path.

Thank you, Madam President.

THE CHAIR:

Thank you, Senator.

Will you remark further? Will you remark further?

Senator Witkos.

SENATOR WITKOS:

Thank you, Madam President.

If I may, a few questions to the --

THE CHAIR:

Please proceed --

SENATOR WITKOS:

-- proponent of the amendment.

THE CHAIR:

-- sir.

SENATOR WITKOS:

Thank you.

Through you, Madam President, I was trying to read the fiscal note, and it appears that there are or may be seed money to begin the initiation of the exchange. If the Senator could expand on that a little bit, I'd appreciate it.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Yes, Madam President, through you to the good Senator, there are dollars that are granted through the -- the Affordable Health Care Act that will initiate the beginning of the -- of the exchange. And according to the fiscal note on Senate Bill 921, it should be sort of a neutral cost during the implementation of the plan.

THE CHAIR:

Sorry. Senator Witkos.

SENATOR WITKOS:

Thank you.

And through you, Madam President, is there any money for the exchange that was in the recently passed budget? Through you.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Madam President, through you to the Senator, there are funds available for a component of the exchange, that is the Office of Health Reform and Innovation, where Public Act 11-6 provides funding of 250,000 in both Fiscal Year '12 and '13 for three positions to staff this new office.

THE CHAIR:

Senator Witkos.

SENATOR WITKOS:

Thank you.

And -- and I appreciate that, that there's monies established, while relatively small and compared to our neighbor to the north, who has a similar exchange except they -- their -- their purview of what their tasks are may be a little bit different than what we envision here in Connecticut. Looking at what their costs, that are reported, we don't have anywhere near

enough, money that is, earmarked for this exchange to really get it up and running.

And I see that it allows the exchange to levy fees to those that want to participate in the -- in the exchange. And how would that be done? It would be done on an individual basis or is it done according to companies or insureds that want to place things on the exchange? Through you, Madam President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Madam President, through you to -- to the Senator, I'm sure he's aware that under our present financial arrangement with the Department of Insurance, the companies that are licensed to do business in Connecticut, property and causality and health care are assessed a certain fee and that those dollars are provided.

Under the insurance exchange, a similar methodology will be instituted, I believe, for the healthcare companies to be assessed.

THE CHAIR:

Senator Witkos.

SENATOR WITKOS:

Thank you.

And during the course of the public hearing, was there any input from those that are in the industry, here in Connecticut, as to what kind of impact the creation of a state health insurance exchange may have on the private market? Through you, Madam President.

THE CHAIR:

Senator Witkos.

SENATOR CRISCO:

Senator --

THE CHAIR:

Oh, Senator Crisco. I'm sorry.

SENATOR CRISCO:

Thank you.

THE CHAIR:

No problem.

SENATOR CRISCO:

He has more hair than I do, Madam President.

Yes --

THE CHAIR:

No --

SENATOR CRISCO:

-- there --

THE CHAIR:

-- I'm not commenting.

SENATOR CRISCO:

No? Okay.

Yeah, there -- there were different (inaudible), typical, you know, opinions voiced by the various individuals who testified. I apologize, for I don't have a copy of the testimony in front of me, but there is typical, you know, pro and cons for creating the exchange.

THE CHAIR:

Senator Witkos.

SENATOR WITKOS:

Thank you.

And are we going to be able to -- what segment of -- of folks are we trying to reach out to, when we always talk about in our state that there's the insured, then we have the uninsured, and then we -- then we have the underinsured? And will this establishment of an exchange affect all of those three categories that I alluded to or would it just target one or two? If he could describe it, Madam President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Madam President, through to Senator Witkos, I believe the uninsured and underinsured. This does not apply to Medicaid or Charter Oak or HUSKY or Medicaid.

THE CHAIR:

Senator Witkos.

SENATOR WITKOS:

And -- and is there anything -- through you, Madam President -- is there anything in there that provides an outreach to those two categories, the underinsured and the uninsured, as to the -- the availability of an exchange, that they can go and seek that out? I -- I, you know I -- being a former member of the Insurance Committee, I know that was an issue where we had -- we have programs in the state but people aren't aware of how to obtain those. And unless we have that built into part of the program, then it's always going to be an issue that people are -- are uninsured or underinsured because they haven't sought out the benefit that's available to them. And I just didn't know if there is something as part of the bill that provides for an outreach. Through you, Madam President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Madam President, through you to the good Senator, I greatly appreciate the point he's making, and if he will look in Section 9 of the -- of the LCO, this details what's known as the "Navigator grant program," to be administered by the exchange.

The grant should be issued for purpose of conducting public education activities, to raise awareness of availability of plans sold through exchange. It's responsible for distributing fair and impartial information, in regards to premium tax credits and cost-sharing reductions. It facilitates enrollment and refers individuals with a grievance complaint or question that -- regarding a plan, to the Office of Health Care Advocate and also provides information in a manner that is culturally and linguistically appropriate to the needs of the population being served by the exchange.

And, Madam President, through you to the Senator, the Navigator grants may be awarded to a trade industry or professional association, a community or consumer-focussed nonprofit group, a Chamber or Commerce, a labor union, a small business development

center, or an insurance producer or broker licensed in the state.

The Navigator will not be an insurer or receive any compensation, so every particular facet of getting information out to the people of Connecticut, I believe, is covered.

THE CHAIR:

Senator Witkos.

SENATOR WITKOS:

Thank you, Madam President.

My last question to Senator Crisco is: So, this would cover group insurance as well as individual health insurance. Is that correct, through you, Madam President?

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Mr. -- Madam President, through you to Senator Witkos, yes.

THE CHAIR:

Senator Crisco -- Senator Witkos. Sorry about that.

SENATOR WITKOS:

Madam President, I have a lot more hair than Senator Crisco does.

Thank you. Thank you.

THE CHAIR:

Thank you.

Senator --

SENATOR CRISCO:

Madam President?

THE CHAIR:

Yes.

SENATOR CRISCO:

I would also like to yield to Senator Gerratana, as she was part of the legislative team that looked at the -- the insurance exchange. We had the bill not only in the Insurance Committee but also in the Public Health Committee. I would like to yield to Senator Gerratana.

THE CHAIR:

Would you accept the yield?

SENATOR GERRATANA:

Yes, Madam President. Thank you.

THE CHAIR:

Thank you.

SENATOR GERRATANA:

I appreciate that.

I would like to comment, of course, in favor of the amendment before us, establishing the Health Insurance Exchange or as it will be known, "HIX," by that abbreviation.

I spent some time with Senator Crisco and with others working on the legislation and, indeed, we had a bill in the Public Health Committee, and as well, as there were two other vehicles regarding this legislation.

This is very exciting because in implementing the Affordable Care Act, the federal legislation, this is one component that will ensure that individuals and small business owners, if they wish, will be able to access health care and get the kind of health care insurance that is going to be guaranteed through the federal law. So enactment of this particular piece of legislation will help Connecticut meet the need for covering lives, the lives of our citizens in the state, which will help meet the requirement on the federal level.

It has many exciting components in it, but I am particularly pleased to see that we will have in our state a connector going, something similar to the

State of Massachusetts. The fiscal note actually talks about the fact that Massachusetts has a public option or plan. This Legislature and this General Assembly this year is not addressing that; however, what is exciting is setting up the quasi-public agency and enabling people, individuals and others, to be able to go there and see the kind of options.

I actually used the Massachusetts connector on-line, and, you know, in -- I didn't go as far as enrolling in the insurance benefits and plans that were offered, but it was very good because it helped people truly navigate through what otherwise would be a very complicated determination of what kind of health care policy might fit their needs.

Of course I speak in favor of this legislation, and I thank you, Senator Crisco, for all your efforts too.

I will yield the floor back to Senator Crisco, if he accepts.

THE CHAIR:

Senator Crisco, will you accept the yield?

SENATOR CRISCO:

Yes, I will, Madam President.

THE CHAIR:

Thank you.

Senator Crisco.

SENATOR CRISCO:

Now I -- I believe there were other Senators.

THE CHAIR:

Oh, okay. At this time, Senator Welch.

SENATOR WELCH:

Thank you, Madam Chair.

I do have a few questions for the proponent of the bill, if I may?

THE CHAIR:

Please proceed, sir.

Senator Crisco, Senator Welch has some questions for you.

SENATOR CRISCO:

Yes, Madam President.

SENATOR WELCH:

Turning to line 136 and thereabouts of LCO Number 7380 -- 830 -- excuse me -- I noticed that there is an exclusion of board members for people who are a member of a board or an employee of a trade association of insurers, insurance producers, brokers, health care providers or health care facilities or health or medical clinics.

If -- if -- if I may, through you, what is the rationale for that exclusion? Through you, Madam President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Thank you, Madam President.

Through you to the good Senator, this section contains very strong conflict-of-interest language for directors and employees of the exchange. And so it basically eliminates any potential conflict of interest.

THE CHAIR:

Senator Welch.

SENATOR WELCH:

Okay. Then I'm -- I'm assuming then, through you, Madam President, that same rationale is what will be applied to Section C below that, lines 141 through 144, where we have the same exclusion for health care providers, unless such member receives no compensation for rendering services as a health care provider. Through you, Madam President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Yes, Madam President, he is correct.

SENATOR WELCH:

Okay. And I do appreciate the logic. That does, however, raise a concern, and it seems that we are excluding from the board some very knowledgeable people within the industries we're seeking to impact here.

Has -- has -- was there any thought given as to how we might receive input from health care providers and the health insurance industry? Through you, Madam President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Madam President, thank you.

Through this, to the Senator -- through you to the Senator, the public -- quasi-public agency, through its powers vested in the board of directors, they have a lemon members -- eleven members appointed by the Governor, the Legislature, and with -- and -- and the appointments have to deal with experts in the areas of health care finance, health care delivery systems, health care benefit plan administration,

among others. So I believe that there is ample, you know, provisions to make sure we draw on the resources for this industry.

THE CHAIR:

Senator Welch.

SENATOR WELCH:

Okay. So am I to understand, then, that one of the appointees can be somebody from the industry or are the appointees not allowed to be someone from the industry, based on the exclusions? Through you, Madam President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Madam President, no. It depends, as I stated before, it has to deal with expertise in the area. Those strong conflict-of-interest qualifications stay in place.

SENATOR WELCH:

Thank you.

THE CHAIR:

Senator Welch.

SENATOR WELCH:

Thank you, Madam President.

And then if I may, and since -- since the -- the import of those provisions is to keep, I guess, undue influence away from the board, that then raises the question that I have with respect to line 316, where we are allowing this institution to receive and accept from any source -- and I just lost my place -- excuse me.

SENATOR CRISCO:

I don't have the bill in front of me.

SENATOR WELCH:

Any source, aid or contributions, including money, property, labor and other things of value. So it sounds like on one hand where we are excluding the influence from a policy standpoint, but on the other hand we are allowing these institutions or individuals to potentially contribute to this quasi-public information.

How -- what's the rationale by allowing that? Through you, Madam President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Thank you, Madam President.

Through you, to the Senator, you know, the rationale, you know, provides, you know, a system of ethics where there are -- if there are funds that can be contributed, that eligible, that the exchange will have access to those funds.

SENATOR WELCH:

And then through --

THE CHAIR:

Senator Welch.

SENATOR WELCH:

Thank you.

And through you, Madam President, would those same institutions be precluded from contributing funds to the quasi-public or -- we'll leave it at that question. Through you, Madam President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

No, they will not.

THE CHAIR:

Senator Welch.

SENATOR WELCH:

Okay. And then if I may turn back to the -- the -- the provision that Senator Witkos discussed, which

is money or the fact that they will be appropriating money, and that sounds like some of the money is -- has been appropriated within this biennium but some of it hasn't.

What kind of expenses are we contemplating that this exchange will be incurring over this biennium? Through you, Madam President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Thank you, Madam President.

Through you, to the good Senator, if you look at Section 5 -- I think it's Section 5 -- it states that it's empowered and authorized to maintain an office, employ assistants, agents, and managers, acquire a lease, purchase, own, manage, hold or dispose of real property, a receiver, and accept aid and contributions from any source, charge assessments; those are some of the powers that the exchange will have.

THE CHAIR:

Senator Welch.

SENATOR WELCH:

Thank you, Madam President.

And I believe they have the power to bond as well. What type of expenditures are we anticipating that this institution will be bonding? Through you, Madam President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Through you, Madam President, to the Senator, yes they could issue bonds and they could borrow money for the purpose of working capital. And as I mentioned before, they could award grants. I believe it's unknown at this time what the exact amount would be until the CEO comes forth with his plan of operation and the size and -- of his organization or her organization.

THE CHAIR:

Senator Welch.

SENATOR WELCH:

Thank you, Madam President.

And -- and through you, again, is it my -- is my understanding correct that this institution will only be offering products from the industry through the exchange for -- private products from the industry

through the exchange as opposed to public products? Through you, Madam President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Yes, Madam President. One of the outstanding features of the exchange is that they will -- has requirements to certify specific plans from a various health insurance companies. And that will give -- you know, if you want to make the comparison, the Good Housekeeping seal of approval; some of the older members of the Circle may remember that. So all the plans are certified and -- and qualified, and so when a person does venture into the exchange, via the -- via the Internet or by telephone or through the Navigator, they will have a good seal of a certified plan.

THE CHAIR:

Senator Welch.

SENATOR WELCH:

Thank you, Madam President.

Now, earlier in this year, there were a number of exchange bills floating around with various bits and pieces that differentiated them. With respect to all

of those bills, if -- if the Senator knows, through you, Madam President, which -- which one of those bills does this most emulate or is it exactly one of those? Through you, Madam President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Madam President, through you to the Senator, the various individuals and groups working on this took the best of both bills and put it into this LCO.

THE CHAIR:

Senator Welch.

SENATOR WELCH:

Okay. Thank you, Madam President. I might come back to that question.

If -- if I turn to line 789 of -- of the LCO, I believe there's a reference to the Freedom of Information Act, and that the exchange shall be subject to the Freedom of Information Act; however, the following information shall not be subject to disclosure under this section. This is one of my biggest concerns with respect to the exchange. We're going to exclude names and applicants of individuals and employers seeking coverage.

We're also going to exclude individuals' health information. And when we talk about an individual's health information, I just want to be sure that there is no way through the Freedom of Information Act that anyone will have any access to anybody's health records, whether it's deidentified or not, because I'm not sure that that is expressly clear here. Through you, Madam President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Madam President, through you to the Senator, I greatly appreciate his point and share his concern, but another point is that the exchange will also come under the regulations of the Insurance Department which also has restrictions so far as what individual information could or should be released. And I -- I think he'll also see, in days to come, when we look at the other component of this path that we're -- or this trail that we're creating, that there are a lot of safeguards in regards to identify an individual that is making all information unidentifiable, just similar, like the Department of Revenue Services that cannot release individuals' tax returns. The same

precautions, safeguards, I believe will exist, not only in the insurance exchange but in legislation that we will undertake in the next few days.

THE CHAIR:

Senator Welch.

SENATOR WELCH:

Thank you, Madam President.

What -- have we given any consideration as to what happens to this exchange should the Patient Affordable Care Act be modified or repealed? Through you, Madam President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Thank you, Madam.

It's through you to the Senator. You know, since we are a dynamic institution, and what I mean by that, we could literally react in days, as compared to maybe federal government bodies that may take years. I'm sure the leadership of the General Assembly, if there is a need to make some dramatic changes because of, for some reason a major change in Washington, that will be taken care of, in my mind, quite rapidly.

THE CHAIR:

Senator Witkos. I'm sorry, Senator Welch.

SENATOR WELCH:

Thank you, Madam President.

So -- so am I to understand that if -- if the Patient Protection and Affordable Care Act changes, this bill gives us the flexibility, and this body gives us the flexibility to adapt our exchange to the new federal requirements. Is that correct, through you, Madam President?

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Through you, to the Senator, yes. And not only that, but if for some reason that does happen, you know, we've talked about this particular concern of -- of this august body for uninsured individuals. We've discussed various plans, such as the Nutmeg Insurance Plan, for children, and other plans. I have great faith, and looked around the Circle, that we would take appropriate action to achieve the goal that we're trying to achieve.

SENATOR WELCH:

Okay. And -- and the other piece to my -- forgive me.

THE CHAIR:

Sorry, sir. Go; please proceed.

SENATOR WELCH:

Thank you.

And -- and the other piece to my question is, is what happens if -- if the act is repealed? Is it the intent of this body to then repeal the exchange or is the -- it the intent of this body to proceed with the exchange, notwithstanding that -- that federal priorities may have changed? Through you, Madam President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Madam President, through you to the Senator, I believe if he refers to Section 13, this section gives the exchange the legal authority to operate until the existence is terminated by law. So at that time when we -- it's, you know, terminated by law, then the authority is no longer in place.

THE CHAIR:

Senator Welch.

SENATOR WELCH:

Thank you.

And then, again through you, Madam President, if -- if this body decides to terminate this quasi-public institution, what happens to the employees? Are -- are they -- would they be subject to a SEBAC agreement, and then we'd have to relocate them somewhere else or would they not be and therefore they could be terminated? Through you, Madam President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Madam President, I -- I -- I don't believe that question could be answered. We, you know, there still has to be an organization put in place. I can't say with all, you know, fairness that there will be members of the union in the organization. There may not be members of the union in the organization. There may be contracts for employees that are established by the exchange. I believe that the -- the unknowns are just too many.

THE CHAIR:

Senator Welch.

SENATOR WELCH:

Okay. Thank you.

And then if I may, Madam President -- and I'm not sure if the Senator has the answer to this question, but I'm going to try. Is this bill close to -- I can't remember if it's House Bill or Senate Bill -- 921, which I think was affectionately referred to in the months preceding, the "Governor's Bill," through you, Madam President?

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Madam President, through you to the Senator, as I mentioned earlier, it was a combination of the best components of the Public Health Bill and the Insurance Bill, which was 921.

SENATOR WELCH:

Okay. That's all I have.

Thank you, Madam President.

THE CHAIR:

Thank you, Senator Welch.

Will you remark?

Senator --

SENATOR CRISCO:

Madam President? Excuse me.

THE CHAIR:

Sorry. I'm sorry?

SENATOR CRISCO:

May I request that when there is a vote, it be taken by roll call?

THE CHAIR:

So ordered, sir.

Senator Kane.

SENATOR KANE:

Thank you, Madam President. Good afternoon.

THE CHAIR:

Good afternoon.

SENATOR KANE:

Through you, to Senator Crisco, I remember us debating this bill in the Appropriations Committee, and not only this one, but in light of what Senator Welch said, but the two others that were floating around as well. So there were three bills, ultimately, that came through.

And my question each time to the proponents or to the Chairs running the meeting was, quite frankly, Why; what's the hurry? And the reason I asked that is because we know that this is in deference to the federal health care legislation that takes place in

2014. So if I can start a bit of a -- a discussion on that, through you --

THE CHAIR:

Please proceed --

SENATOR KANE:

-- Madam President.

THE CHAIR:

-- sir.

SENATOR KANE:

I just -- and -- and first off, to Senator Crisco, and -- and I'd like to get into that discussion a little bit further, but just first off, through you, what -- what is the hurry with this particular legislation? Through you.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Madam, it's through -- through you to the good Senator. There were certain time requirements -- and the first one that comes to mind is, I believe, July 1, 2011 -- that we have to have a plan exchange in place, or as I mentioned earlier, or the -- or the responsibility will be that of the federal government. And I -- and I am sure that each Senator around the

Circle would prefer that we fulfill our responsibilities and that it will be a Connecticut plan.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Madam President.

Well, through you to Senator Crisco, do we have to have a plan in place or can we use the federal plan that was given to us through the federal health care reform? Through you.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Madam President, through you to Senator Kane, as I stated, if we take no action, then we would be under the auspices of the federal plan, which I believe that not many Senators in the Circle would be contented with.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Well, that's interesting that you said that, that -- that not many people in the Circle would be happy

with it, because when the federal health care legislations passed, I remember people on -- on the other side of the aisle touting the President's work and the Congress's work and -- and how we needed this federal health care reform, and how wonderful it was. But now we're saying that we not -- we would not be happy with it.

Through you to Senator Crisco, are there particulars in the federal health care plan, and specifically that we would not be happy with, and in contradiction or as opposed to this one we are looking at today? Through you.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Madam President, through you to the Senator, we have to identify each part of the Affordable Health Care Act. You know, we're not talking about coverage for individuals, you know, who aren't 26 yet; we're not talking about preexisting conditions. There are many parts of the Affordable Health Care Plan -- plan that I think are -- are excellent.

But I think basically what I was referring to, I believe that we would prefer to tailor our plan to

what we feel is right in Connecticut, not to imply that the federal plan may be that onerous or that negative to the people in Connecticut. But I think, over all, we could do a better job for our constituents in the State of Connecticut.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Madam President.

And through you to Senator Crisco, are there other states doing this very same thing right now? Through you.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Madam President, through you, I can't confirm it, but I believe the answer is yes.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Madam President.

I believe Senator Crisco is right. I -- I remember this coming up in the Appropriations

Committee, that there were other states addressing this issue.

And, you know, one of the arguments in -- in committee was that, did we really want to be the first ones out of the box, so to speak, with this type of legislation, when other states are working on this as well and in finding there way through it.

And so through you to Senator Crisco, I -- I'd -- I'm guessing the answer will be yes, but would you say that our efforts then should be placed ahead of those other states whereas maybe we can learn things from these other states that are going through the very same thing that we are going through? Through you.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Thank you, Madam President.

Through you to the Senator, I believe, first of all, we are the number one insurance state in the country, and we're trying to stay that way. I believe we have the expertise and the knowledge that perhaps many other states do not have. I believe that Connecticut has been a leadership in many areas, and this is one that we should embark upon as being a

leader. And hopefully other states may follow what we accomplish in this legislation.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Madam President.

And -- and I -- I thank Senator Crisco for his answers, and I respect his work as Chairman of the Insurance Committee and -- and know that he is a well-respected member of the Senate and has done a lot of work on -- on these type of issues.

But I -- I tend to disagree with him a bit in the fact that I don't believe there is any rush for us to have this legislation. I do believe there are other states that are doing this and working on this very same thing, and I do believe that we should be looking at the federal plan as well.

But I will continue to listen to the debate, through you, Madam President.

THE CHAIR:

Thank you.

Will you remark?

Senator Roraback.

SENATOR RORABACK:

Thank you, Madam President.

Through you, if I may, a few questions to the proponent of the amendment.

THE CHAIR:

Please proceed, sir.

SENATOR RORABACK:

Thank you, Madam President.

Through you to Senator Crisco. Senator Crisco, I think most Americans and most Connecticut residents have been paying attention, to varying degrees, to the health care debate that takes -- has taken place in Washington and here in Connecticut.

And through you, Madam President, to Senator Crisco, for the benefit not only of myself but for those who may be watching, the -- my understanding is that the federal Health Care Reform Act obligates each state to create what's called an "exchange." Through you, Mr. -- Madam President, to Senator Crisco, is --

THE CHAIR:

Senator --

SENATOR RORABACK:

Is that what this bill sets out to do?

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Madam President, through you to the great Senator, yes. And if the state does not achieve that, than the federal government will implement its own exchange, insurance exchange plan.

THE CHAIR:

Senator Roraback.

SENATOR RORABACK:

Thank you, Madam President.

Through you to Senator Crisco, does that mean that there's kind of a default, that if a fail -- if a state fails to act, the federal government will tell us that we'll -- we'll operate under their rules, and but if a state wishes to come up with its own rules and avoid that default, then that option is available to each state? Through you, Madam President, to Senator Crisco.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Madam President, through you to the Senator, yes.

THE CHAIR:

Senator Roraback.

SENATOR RORABACK:

Thank you, Madam President.

And in -- in broad strokes, Madam President, through you to Senator Crisco, if he could describe -- well, through you, Mr. President -- through -- through you, Madam President to Senator Crisco, has the federal default plan been created? Does it exist? Do we know what its terms would be? Through you, Madam President, to Senator Crisco.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Madam President, just an initial review and -- and speaking to other individuals, not only in the state but in Washington and other states, it was just a general thing -- while I cannot give specifics -- that a state, you know, should be the -- really the -- the creator of its own plan, as each state varies, you know, from state to state in its population and in its citizens.

So I would think, just according to past history and our own expertise in the state, I feel that we would be better off adopting our own plan.

THE CHAIR:

Senator Roraback.

SENATOR RORABACK:

Thank you, Madam President.

And that -- and that, certainly I respect that opinion when what I was trying to elicit from Senator Crisco was whether we knew what the default plan would be. Through you, Madam President, to Senator Crisco.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Madam President, to you, only as I stated before, nothing that has been confirmed, but reports that we have received and individuals that we've spoken to gave, you know, presented us with the facts that we are better off adopting our own plan.

SENATOR RORABACK:

Fair enough.

THE CHAIR:

Thank you.

Senator Roraback.

SENATOR RORABACK:

Through you, Madam President, to Senator Crisco, that kind of reminds me when my parents would say, You'd be better off cleaning your room, because if you don't clean your room, something bad is going to

happen. I said, What would that -- what's that something bad? Well, we're not going to tell you but you better clean your room. So I -- I get it. The -- the room or bill; the rumor mill may be operating on all cylinders, that if states that neglect to seize the initiative are going to regret the fact that they didn't do something on their own. And I understand that.

And through you, Madam President, to Senator Crisco, has the federal government told us of the essential ingredients to an exchange? Have they -- have they given us a recipe and said these are the things that you have to include? Through you, Madam President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Yes, Madam President. Through you to the Senator, I -- I greatly appreciate, you know, his points. And they have provided us with certain information which, again, we -- I can't give specifics, but overall we've -- we evaluated and believe that it is more prudent, more responsible for Connecticut to develop its own insurance exchange.

THE CHAIR:

Senator Roraback.

SENATOR RORABACK:

Thank you, Madam President.

And I understand that and I -- and I understand that kind of modus operandi, and it's -- it's not unique to this bill; it happens a lot.

But through you, Madam President, what I was trying to find out from Senator Crisco, if he knows the answer, has the federal government said these ingredients must be included in your recipe? If we're -- if we're -- if we're making an exchange, are there certain ingredients which are essential ingredients?

SENATOR CRISCO:

Madam President --

THE CHAIR:

Senator --

SENATOR CRISCO:

-- my apologies to you and the Senator.

Through you to the Senator, we -- we've received information from the federal government about certain things that we would have to include, that would be included if the federal government, you know, embarked upon their responsibility and acted if we did not.

And in reviewing those, I still believe that we're better off with our own plan.

THE CHAIR:

Senator Roraback.

SENATOR RORABACK:

Thank you, Madam President.

And I'm not -- I'm not wishing at this juncture to debate the merits or demerits of anything, I'm just wishing to be brought to understand whether there are certain ingredients which we must have. If so, I was going to ask the Senator, what are they? And then I was going to ask are there certain -- can we throw in some nuts or some cranberries; are there other things that we're allowed to throw in but don't have to throw in? Through you, Madam President.

And I -- and forgive my simplistic analogies, but it's sometimes helpful for me to understand what's -- what's at the core of the recipe and what are things that could sweeten --

SENATOR CRISCO:

What?

SENATOR RORABACK:

-- it or -- or add more texture. Through you, Madam President, to Senator Crisco.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Madam President, through you to the Senator, there are. And I apologize if I haven't been, you know, extremely clear in answering the good Senator's question. There are certain criteria that the federal government have recommended, such as certified -- certificational planes, et cetera, that we will be using in our plans.

THE CHAIR:

Senator Roraback.

SENATOR RORABACK:

Thank you, Madam President.

And I -- and I was wondering if -- if Senator Crisco has a more-detailed explanation. For people that might be watching on TV, these are the things that the feds say have to be included in -- in your exchange.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Madam President, through you to the Senator, no, I do not. But basically we're speaking generally in

regards -- the exchange will be set up to certify the plans. I can't say that there are certain specifics for the plans until the exchange is created, until the CEO and the board agrees to what the certified plans should contain and then make them -- make it available to the people of Connecticut.

THE CHAIR:

Senator Roraback.

SENATOR RORABACK:

Thank you, Madam President.

And that's helpful. Is it -- is it conceivable that it could be the case in Connecticut that in order for a plan to be certified, it has to meet criteria above and beyond what would be required for a plan to past muster under a federal certification program? Through you, Madam President, to Senator Crisco.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Madam President, through you to the Senator, it's possible. Just like we have different insurance regulations and laws in the State of Connecticut and

-- and letters of understanding, that we set our standards, I believe, much higher than another state that I could think of throughout the country.

So that is one of the reasons, for example, when we looked at the insurance compact issue, we felt it would be best that the state not join the compact because of our long history of -- in the insurance industry and the insurance regulation and the qualified people that we have in the -- in the -- starting with the new Insurance Commissioner and the people that have worked in the Insurance Department for many years.

We have the expertise, I believe. We're always willing to learn, and under the exchange, we could learn. But I still feel that it is our responsibility to create our own insurance exchange.

THE CHAIR:

Senator Roraback.

SENATOR RORABACK:

Thank you, Madam President.

I guess my hope is that any legislation that we pass in this arena will have the impact of making insurance more affordable and more reachable by a larger number of Connecticut citizens. And I think,

Madam President, as -- as I think about these issues, it's always the tension between having a generous, rich plan and having a plan that's affordable to Connecticut consumers.

And through you, Madam President, to Senator Crisco, I'm wondering if the plans that we certify under our exchange could possibly be richer plans which would be better for those that enjoy them but perhaps could place the cost of those plans beyond the reach of others, whether that's a consideration that we would undergo in deciding which plans to certify. Through you, Madam President, to Senator Crisco.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Madam President, through you to the Senator, no, I wholeheartedly agree with him. We have the -- the task of creating plans that are available to all people in Connecticut. That is why, using the criteria, there are at least three plans, will be the bronze, the silver, and the gold plans that will have different provisions in its benefits. So hopefully we could achieve that happy meeting of providing some plans for -- some people may not want the heavy

benefit plan and some who are limited by their income and will -- may want just a slimmed-down version.

THE CHAIR:

Senator Roraback.

SENATOR RORABACK:

Thank you, Madam President.

And it's my understanding that whether the plan is gold, silver or bronze, each of the plans must cover all of the mandates which the General Assembly has seen fit to adopt. Through you, Madam President to Senator Crisco --

THE CHAIR:

Senator --

SENATOR RORABACK:

-- would that --

THE CHAIR:

-- Crisco.

SENATOR RORABACK:

Would that be the case?

SENATOR CRISCO:

What's that?

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Madam President, through you to the Senator, that is correct. But remember, as the federal plans come into play, we have the option, by 2014, as new legislation -- as we'll be reviewing legislation to come before us, it will be, you know, our decision whether we should include all the present preventions that we have now, if we should eliminate them. It'll be the, really the responsibility and the decision of this body to make that decision by 2014.

THE CHAIR:

Senator Roraback.

SENATOR RORABACK:

Thank you, Madam President.

I was just trying to -- if there's going to be a gold, silver, and bronze plans, and those plans will offer differing levels of coverage and presumably come at a different cost, I'm guessing that the basement or the ceiling, the bronze plan is going to require what's now required and that the silver and gold plans would require more coverage than is currently required under Connecticut law. Through you, Madam President, to Senator Crisco.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Madam President, through you to the Senator, I may have misled him, and I apologize. The -- the metal that are used in regards to the plans are actual actuarial-based plans that may vary in deductibles. And so one plan will be -- will have a less of a premium than the highest plan.

THE CHAIR:

Senator Roraback.

SENATOR RORABACK:

Through you, Madam President, and if I might, through you to Senator Crisco, if he could -- now I'm confused a little bit -- if he could explain the difference between those gold, silver, and bronze plans.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Madam President, through you to the Senator, that will be up to the exchange to certify. They -- I think the -- the basic distinction between the plans will be based on actuarial, you know, decisions, what plans will have a higher deductible than another which, of course, will impact the premium.

THE CHAIR:

Senator Roraback.

SENATOR RORABACK:

Thank you, Madam President.

It looks like there's a changing of the guard. Through -- through you, Mr. President, good evening.

(Senator Coleman, of the 2nd, in the Chair.)

THE CHAIR:

Good evening.

SENATOR RORABACK:

Through you, Mr. President, to Senator Crisco, then am I to understand that the -- the only differences between the gold, silver, and bronze plans would be the level of deductible; that the coverage would be the same in all instances, it would just be the structure of the deductibles that might be different? Through you, Madam President -- through you, Mr. President, to Senator Crisco.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Mr. President, through you to the Senator, in my opinion, no, they'll be other differences.

THE CHAIR:

Senator Roraback.

SENATOR RORABACK:

Thank you, Mr. President.

And through Senator Crisco, in his opinion, does -- can he give us a flavor of what those differences might be?

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Mr. President, through to the Senator, I cannot, only because the insurance exchange and the CEO will be responsible for developing the plans. And speaking to various experts and -- and actuarials, they will develop the plans. I think it's just too premature for me to say that Plan A will have this; Plan B will have this; Plan C. I don't -- I believe that's a question that is unanswerable at this time, Mr. President.

THE CHAIR:

Senator Roraback.

SENATOR RORABACK:

Thank you, Mr. President.

I can appreciate that -- that there's a lot of work left to be done and that there may be questions that we don't know the answers to today.

Mr. President, I'm wondering, through you to Senator Crisco, if the exchange will have or is intended to have the effect of reducing the cost of health insurance for all of us as a -- as citizens of Connecticut and as -- as citizens of the United States? Through you, Mr. President, to Senator Crisco.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Mr. President, through you to the Senator, basically, this is what we're all working for.

THE CHAIR:

Senator Roraback.

SENATOR RORABACK:

Thank you, Mr. President.

And -- and I appreciate that's what we're all working for. And my last question to Senator Crisco is: I was just wondering if he could give us a -- a

brief summary of how it is that the exchange might help to reduce premium costs. Through you, Mr. President, to Senator Crisco.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Mr. President, through you to the Senator, not being an actuarial, I can't elude to that. But there are -- there is an actuarial science that will be made available to the exchange. There, as I said before, there may be different deductibles; they may be different benefits in -- in each of the plans, to some degree. So there's a whole multitude of areas of insurance that the exchange would have to evaluate and come up with the best plans, not only for protection but also in regards to cost.

THE CHAIR:

Senator Roraback.

SENATOR RORABACK:

Thank you, Mr. President.

I -- I very much appreciate Senator Crisco's answers, his explanations. I appreciate the Chamber's indulgence. This is not a topic for the faint of

heart, and I'm grateful for the opportunity to ask some questions.

Thank you, Mr. President.

THE CHAIR:

Thank you, sir.

Senator McLachlan.

SENATOR McLACHLAN:

Thank you, Mr. President; nice to see you there this afternoon.

THE CHAIR:

Nice to see you as well.

SENATOR McLACHLAN:

Through you, Mr. President, some questions to Senator Crisco.

THE CHAIR:

Please proceed with your question.

SENATOR McLACHLAN:

Thank you, Mr. President.

Senator, I'm not a -- the expert that you are on Connecticut insurance, but I've tried real hard to study this bill, and I'm trying to understand where Connecticut is expecting to move so aggressively with an exchange that -- that hasn't really gelled yet in Washington. And I -- I was intrigued by your

conversation, just a minute ago with Senator Roraback, saying that that's yet to be fully determined really what is going to have to be included in the exchange and also what will have to be included in each of the new health insurance plans.

But I notice in the Office of Fiscal Analysis report that the State of Connecticut has received just under a million dollars from the federal government for a planning grant. Can you share with us what -- what has transpired from that million-dollar expenditure and do we have the results of that plan? Through you, Mr. President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Thank you, Mr. President.

Through you to the Senator, that is a very good question, the question that I asked the department several weeks ago. And it was clarified that those funds were -- were used for establishing certain criteria that are indirectly related to the exchange. So those dollars have been expended, according to the department, for the purposes that they were intended

for and I believe won't have an impact upon this program.

THE CHAIR:

Senator McLachlan.

SENATOR McLACHLAN:

Thank you, Mr. President.

And thank you, Senator Crisco.

So is it my understanding that we've used the planning grant funds to pay for existing employees in the Insurance Department? Through you, Mr. President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Mr. President, through you to Senator -- to the Senator, no, that -- that is not the -- that's not the case.

THE CHAIR:

Senator McLachlan.

SENATOR McLACHLAN:

Thank you, Mr. President.

Senator Crisco, could you clarify, because I'm not sure what the case is. Through you, Mr. President.

SENATOR CRISCO:

Mr. President, through you to the Senator, the answer is now the -- the funds were -- were used exactly for what the federal government required.

THE CHAIR:

Senator McLachlan.

SENATOR McLACHLAN:

Thank you, Mr. President.

What did the -- through you, Mr. President, what -- to Senator Crisco, what did the federal government require us to spend the million dollars on? Through you, Mr. President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Mr. President, through you to the Senator, you know, I -- I stand corrected. For a planning -- a planning grant for exchanges.

THE CHAIR:

Senator McLachlan.

SENATOR McLACHLAN:

Thank you, Mr. President.

Okay. So we got a million dollars or $997,000 for a planning grant.

SENATOR CRISCO:

What?

SENATOR McLACHLAN:

But we don't have details of what the planning grant process was, who is doing the planning, how much has been expended yet, and when will the plan be ready. Through you, Mr. President?

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

One minute, please, Mr. President. I appreciate the patience of the good Senator.

Mr. President, through you to the Senator, basically the dollars were allocated to OPM. I'm sorry. And OPM has used the dollars for outreach to the various insurance companies and other entities to try to come up with certain recommendations that will be followed.

I -- there were not positions, I believe, that -- that were added to OPM, and as we know, OPM has done a very credible job in regards to many federal grants, and this is just one of them.

THE CHAIR:

Senator McLachlan.

SENATOR McLACHLAN:

Thank you, Mr. President.

Thank you, Senator Crisco.

The PPACA, that's the acronym, I guess, for the federal health care plan that -- that many of us refer to as "Obama-care"; I've heard that used interchangeably.

They -- they also talk -- the Office of Fiscal Analysis also talks about the federal health care plan is going to give states -- going to give states money to develop on-line gateways and that the New England states have already been granted $35 million to develop that gateway to health insurance options. Can you share with us what is the progress of Connecticut in that consortium? Through you, Mr. President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Mr. President, through you, I do not have that information but perhaps before this dialogue is -- is ended, I will get that information, if I could.

THE CHAIR:

Senator McLachlan.

SENATOR McLACHLAN:

Thank you, Mr. President.

The -- the amendment talks about funding for -- I'm sorry -- the -- the fiscal analysis report talks about the Office of Health Reform and Innovation in consultation with the exchange is going to analyze the cost impact on the state and a cost benefit analysis of the medical health plan. And funding was set aside by this Legislature of an amount of $250,000 in Fiscal Year '12 and Fiscal Year '13. Where are we in that process and was any of the information got -- received in that process used in developing the exchange that we have before us today? Through you, Mr. President.

SENATOR CRISCO:

Mr. President, thank you to the --

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Thank you, Madam [sic].

Through you to the good Senator, let me just indulge his -- his patience and get back to his previous question in regards to the -- the $996,848. Basically, the State of Connecticut is working in the consortium, and they are working with the, I believe the -- with Boston University to come up with a plan.

But that is all in the planning stage at the present time.

In regards to his second question, I believe that the legislation that will be acted on in the next few days sets up the Office of Health Reform and Innovation, and in conjunction with the Appropriations Act, and will -- the bill that is coming before us will spread out the details for that particular office and its responsibilities.

THE CHAIR:

Senator McLachlan.

SENATOR McLACHLAN:

Thank you, Mr. President.

Thank you, Senator, for that answer.

So I'm -- I'm hearing that where there's still much work to be done in the process of planning and setting up the organization that's before us today, I -- I do have some specific questions about the amendment before us.

On line 329, it refers to bond authorization. Through you, Mr. President, Senator Crisco, can you share with us today what -- what would be the purpose of this organization borrowing money?

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Mr. President, through you to the Senator, as I mentioned previously, the bill has certain powers and goals of the exchange, and whether -- how much that bonding would be is just too premature. As I stated previously, the exchange is empowered and authorized to maintain an office, employ assistants, agents and managers, acquire a lease, purchase, own, manage, hold and dispose of real property, you know, et cetera, et cetera, et cetera. So when the exchange hopefully is approved by this body and the House and signed by the Governor and the appointments are made, then they will come up with an operational plan that will detail what financial dollars that they need.

THE CHAIR:

Senator McLachlan.

SENATOR McLACHLAN:

Thank you, Mr. President.

And thank you, Senator Crisco.

The -- the question then in my mind is that we are creating a new quasi-government agency with bonding authority. And I don't see anywhere in this

legislation saying where there are any limitations of bonding authority and/or the purpose of that bonding.

Through you, Mr. President, Senator Crisco, could you share why is this organization quasi-government and not just a state department or agency?

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Mr. President, through you to the Senator, as I -- as I mentioned earlier, they may not request any bonds but they'll have the -- we will give them the ability to issue bonds under our normal, you know, regulations for bonding.

And it all depends upon what their particular operation is going to be. Will they lease? Will they rent? They may purchase a building. They have to borrow money for the purchase of working capital. There are just numerous financial requirements for the exchange, and what they are we will not know until it is in place and the CEO, working along with the board of his -- his entity will decide.

THE CHAIR:

Senator McLachlan.

SENATOR McLACHLAN:

Thank you, Mr. President.

Thank you, Senator Crisco.

I think that might be a little bit of the cart before the horse. My point is that we are creating a new quasi-government agency. We are giving the quasi-government agency bonding authority, and it appears to be a taxing authority to generate the revenue necessary to operate this new organization. But we don't seem to have bumpers on this new organization to say you shall not borrow for this purpose and you shall not exceed X number of dollars in revenue generated to -- to fund your -- your brand-new organization.

And I think the other question is that because the planning is not complete at this point, we don't know what will be the size of the organization, what will be the -- what will be the annual budget cost of the organization. I do see that the Office of Fiscal Analysis talked about the only other insurance exchange that exists now is in the Commonwealth of Massachusetts, and their annual operating costs now are 30 million a year. And I understand that Connecticut shouldn't have to spend that much money, but we don't know that yet.

And so my concern is that this legislation seeks to create a new organization of state government, but we're going to call it a quasi-government agency. We're going to give it bonding authority, without bumpers on what -- what they could spend the bond funds on and -- and -- and not really limit what their budgets are going to look like.

So -- so I have concerns about those two big issues, and would appreciate input from Senator Crisco to clarify if he might share those concerns, or do you believe that this quasi-government agency should have that latitude to move forward without further legislative oversight? Through you, Mr. President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Mr. President, through you to the Senator, and as I stated previously, we do have a system in the State of Connecticut in regards to bonding. You know, the Governor has to put it on the Bond Agenda; OPM has to approve it, you know, before it, you know, along with the Governor and the -- and it has to be authorized. So there are many safeguards that are already in place, whether it's bonding for the exchange, whether

it's bonding for CII, whether it's bonding for any other agency, those safeguards are in place. And we also have, you know, the Finance Advisory Committee where if a budget is approved by the Appropriations Committee, if there's a big transferred of funds, the -- the Finance -- Fiscal Advisory Committee has to approve it. You know the Chairman of Appropriations is the Chair of that -- that committee, so there are various safeguards.

I -- the statement was made of putting, you know, the cart in front of the horse. I believe if we review what our fiscal responsibilities have been, there should -- there is no difference whether it's the insurance exchange or some other quasi-public or some other agency.

THE CHAIR:

Senator McLachlan.

SENATOR McLACHLAN:

Thank you, Mr. President.

Thank you, Senate Crisco.

I -- I appreciate your assessment of that, although I -- I -- I think I disagree. I think that if we're authorizing, if we're giving bonding authority to a new organization that has not been

fully developed, I -- I believe that to be a premature decision on the part of this Legislature.

But I also note that the Office of Fiscal Analysis report states that the exchange can charge assessments or user fees to health carriers to generate necessary funding to support ongoing operations. Through you, Mr. President, to Senator Crisco, how much will those ongoing operations be?

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Mr. President, through you to the Senator, it's no different than what we do in the Department of Insurance, at the present time. It all depends upon the budget that is adopted by the CEO and the board for the insurance exchange.

THE CHAIR:

Senator McLachlan.

SENATOR McLACHLAN:

Thank you, Mr. President.

Thank you, Senator Crisco.

So once this exchange is launched, other than the appointing authority of the Governor and the various Legislative leaders, does the Connecticut Legislature

have any ongoing oversight of what the -- the new exchange charges Connecticut residents through their health carriers to generate the fees necessary to support their operations of this new exchange? Through you, Mr. President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Mr. President, through you to the good Senator, basically what, you know, there are components in place that will require the -- the insurance exchange to report -- to report to the General Assembly before it starts its plan in 2014.

THE CHAIR:

Senator McLachlan.

SENATOR McLACHLAN:

Thank you, Mr. President.

Thank you, Senator Crisco.

Are there any other quasi-government agencies created by this Legislature that have the ability described, like this exchange, that can charge assessments or user fees ultimately to Connecticut residents to support ongoing operations? Through you,

Mr. President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

I'm sorry. Could you repeat the question, through you --

THE CHAIR:

Please repeat the question --

SENATOR CRISCO:

-- Mr. President.

THE CHAIR:

-- Senator.

SENATOR McLACHLAN:

Thank you, Mr. President.

And thank you, Senator.

The -- are there any other quasi-government agencies created by this Legislature that have the, what I see to be a sort of unique funding formula where this new quasi-government agency is allowed to charge user fees to Connecticut residents through their health carrier to generate the revenue necessary to operate the organization? Through you, Mr. President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Mr. President, through you to the Senator, there is no other entity because this will be the only insurance exchange. But if he's looking for a comparison, I would think from memory that the Connecticut Innovations has a process where they, you know, collect money from different companies to fund their operation. I would assume that other quasi-public agencies have similar authority to raise revenue.

THE CHAIR:

Senator McLachlan.

SENATOR McLACHLAN:

Thank you, Mr. President.

Okay. I guess I'll -- I'll have to do some more homework on that, because I'd -- I frankly thought that this would have been the first of its kind in the State of Connecticut that the Legislature would create a quasi-government agency, launch it off on its own, give it bonding authority, and let it charge assessments, ultimately to Connecticut residents, without further oversight of the Legislature. And, frankly, I -- I -- I just don't think that nine people

should be granted that much latitude to run a government organization without legislative oversight.

It's through you, Mr. President. The -- the amendment talks about -- in line 426, it talks about the health exchange collecting premiums and apportioning them to various insurance carriers. Through you, Mr. President, does that language sort of create the health exchange as an insurance agency? Through you, Mr. President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Mr. President, through you to the Senator, in my opinion, no.

THE CHAIR:

Senator McLachlan.

SENATOR McLACHLAN:

Thank you, Mr. President.

So Senator Crisco, the -- will this health exchange take the place of any private insurance agency in the State of Connecticut, based upon that language? Through you, Mr. President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Mr. President, through you to the Senator, if the exchange issues a certified plan and the plan is sold to people to have insurance, there is some resemblance.

THE CHAIR:

Senator McLachlan.

SENATOR McLACHLAN:

Thank you, Mr. President.

So I think what I'm hearing is that -- that a -- now a new government agency is stepping into not only the insurance business, itself, but also the sale of insurance that has traditionally been left to either the direct sale by the insurance company or by an independent insurance agency.

And my concern is that this state has been somewhat friendly to our independent insurance agents, and I just want to make sure that this health exchange is not stepping on their business and their livelihood. Through you, Mr. President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Mr. President, through you to the Senator, if he will refer to language creating the Navigator process, which includes insurance brokers who could receive a grant for directing individuals to the exchange, I believe that that neutralizes that effect and it may be, you know, more profitable for them than the commission that they would have received, you know, from selling an insurance policy. It's just too premature to completely evaluate that.

THE CHAIR:

Senator McLachlan.

SENATOR McLACHLAN:

Thank you, Mr. President.

Thank you, Senator.

Another thought about the amendment before us, on line 508 you mentioned the Navigators. Line 508 talks about advocates for reaching hard-to-reach populations. Through you, Mr. President, who is that?

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Mr. President, through you to the Senator, it could be neighborhoods where, you know, people do not have the Internet capability. It could be just a -- a

multitude of -- of situations where, you know, depending upon the population, that Navigator may have a great influence upon providing information to a specific population.

THE CHAIR:

Senator McLachlan.

SENATOR McLACHLAN:

Thank you, Mr. President.

And through you, Mr. President, to Senator Crisco, can -- can you -- Senator, can you share with us, will the health exchange only service American citizens?

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Mr. President, that's a very good question. I believe the answer is yes.

THE CHAIR:

Senator McLachlan.

SENATOR McLACHLAN:

Thank you, Mr. President.

And sort of as a layperson looking at the insurance industry, when you read the language before us in this amendment and sort of the history of trying

to create a health exchange in Connecticut, it seems, although this is only my perception at this point, that this new health exchange appears to be taking over regulatory authority from our Insurance Department. Is that the case, in any way, shape or form, through you, Mr. President?

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Mr. President, through you to the Senator, no, it's not the case. And as specified in the language of the amendment that -- in line 797 -- that all regulatory powers of the Insurance Department, et cetera, should supersede anything else.

THE CHAIR:

Senator McLachlan.

SENATOR McLACHLAN:

Thank you, Mr. President.

And thank you, Senator Crisco for your answer.

I wonder -- one last question: If you could sort of just share with us what is the relationship expected to be or in the design of this exchange, how will the Office of Health Reform and Innovation relate to and operate with the Connecticut Health Insurance

Exchange? Through you, Mr. President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Mr. President, through you to the Senator, as I mentioned previously, in legislation that we -- will be coming before us to review, the specific responsibilities of that office are included. I would think that that office, working under the auspices of the Lieutenant Governor's Office, will take whatever responsible action that may be -- may be needed to fulfill our goal of -- of state government to try to insure all the underinsured and insured at an affordable cost.

THE CHAIR:

Senator McLachlan.

SENATOR MCLACHLAN:

Thank you, Mr. President.

Thank you, Senator, for your -- your help on this. It's been most informative for me to -- hear from you and your expertise on this.

I -- I do believe that the State of Connecticut may be stepping their toe into hot water and not quite be prepared for it at this point. I believe that if

we just look at what some other states are doing as it relates to the federal health care plan that's -- that was passed, more than half of the states in the United States are, in fact, going the opposite direction that Connecticut's proposing to do. They're in court suing the federal government, saying that this is not the right way to go, to have the federal government stepping into this business.

And -- and I believe that the State of Connecticut probably ought to sit back and wait a little bit longer to see what is the appropriate next step to take, especially given the fact that so many points of this new exchange haven't gelled yet.

Through the discussion, the questions that I asked and -- and -- and some of my colleagues have asked, many of the answers have come back we have to wait and see. Once this quasi-government organization is created and organized and begins operating, then we will know what they will spend. And then we will know how much money they need to borrow. And then we will know exactly what they are going to be able to offer this -- the residents of Connecticut. And not until it is up and running and operating do we get the real answer to those questions.

And so, listen, if -- if this legislation before us, this amendment before us says to this new organization you have the authority to charge fees to generate all the money you need to operate your organization, and you don't have to come back to the Connecticut General Assembly to justify those fees -- now keep in mind the fees are to the health carrier, but the health carrier is passing on the fees to the end user. That's us; that's the residents of Connecticut.

So we're allowing a new taxing authority is the way I look at it. We're creating a new tax and we're saying to this new organization, go get the money you need; we're all set.

Now, granted the Governor has appointing authority, I'm assuming because he can appoint the most members he's going to keep a tight string on the individuals he appoints to make sure they don't do a runaway budget. But the point is that the Legislature is giving up its oversight authorization, the way I see it, and allowing this new organization to determine how much their budget will be and then translate that into these new fees. That's higher insurance cost. That's more cost to the residents of

the State of Connecticut. And the Legislature is not going to be involved in that specific decision.

I don't think that's the right way to go. So I think that, in my humble opinion -- and I'm no expert on insurance; I'm just looking at this as a -- as a increased cost to the residents of Connecticut -- in my opinion we need to wait for the federal government to get their act together on health care reform. There's way too many questions before us. There's way too many states in the United States of America that are suing the federal government saying we're not going to do this; way too many questions before us.

Let's take a step back, get the answers to the questions, let this million-dollar planning grant finish its work, come up with all those answers that -- to questions that -- that have been asked so far today, and then perhaps next year we might be ready to start the exchange.

So I'm going to vote no on the amendment. But I do want to thank Senator Crisco and your team, who has worked very hard on this. I know this Legislature has worked very hard to continue to try to identify options for residents of the State of Connecticut for health care, but I think this plan before us right now

is premature. And I fear that it's going to be too expensive, especially because the Legislature is giving up its oversight, direct oversight in the budget of this new organization.

Thank you, Mr. President.

THE CHAIR:

Thank you, Senator.

SENATOR CRISCO:

Mr. President? Mr. --

THE CHAIR:

Senator Crisco.

(Senator Duff, of the 25th, in the Chair.)

SENATOR CRISCO:

Thank you, Mr. President.

And I greatly appreciate and respect the questions of -- of the good Senator, but if he -- he made a statement that, you know, maybe we're putting the cart in front of the horse. But I think in some of the questions that is similar to what the questions that was asked. If he would review Section 12, the statement that this General Assembly is abrogating its responsibilities couldn't be further from the truth.

The CEO of the exchange has to come back to the Governor and the General Assembly, no later than January 1, 2012, and report on all their recommendations that will have to be approved by the General Assembly, Mr. President.

THE CHAIR:

Will you remark further?

Senator Kelly.

SENATOR KELLY:

Thank you, Mr. President.

I just want to step back for a second because we've discussed this for quite a while, and I believe it to be a very complex issue. And one thing I learned as a Senator, when we bring in school kids into the Chamber, while we all know what it is like to go through the legislative process and to talk about democracy, when you start to explain that to students, it -- it can be a difficult challenge when you try and make it into a very easy to digest subject.

Now, when we've used the words "exchange" and "plan," I've heard gold, silver, bronze; we've heard a lot of different terms. But for the viewers at home who have watched this now for an-hour-and-some-time, could we get an explanation as to what is an exchange

and how does it fit in with our health care insurance industry, but to do this in -- and I'm going to say laymen's terms, if you -- if you will? Through you, Mr. President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Thank you, Mr. President.

Through you to the Senator, an exchange is basically an opportunity for uninsured and underinsured individuals to get the best information as far as what plans may be available and purchase those plans through the exchange. It almost -- someone used the analogy that years ago you used to go to the travel agent to purchase your airline tickets and now you can go on through Priceline and other groups to get maybe a better deal. And so, as I mentioned earlier, the exchange will be the best plan for people to get the best information in order to make the best decisions.

THE CHAIR:

Senator Kelly.

SENATOR KELLY:

Okay. So for lack of better terms, it's -- it's a clearinghouse for information to help uninsured and underinsured individuals obtain insurance. Through you, Mr. President.

SENATOR CRISCO:

Mr. President, through you --

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Mr. President, through you to the Senator, who is very wise, he is correct.

THE CHAIR:

Senator Kelly.

SENATOR KELLY:

Now, this is required by the federal government; correct? Through you, Mr. President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Mr. President, through you to the Senator, it is required by the federal government for states who -- to have the option whether they should implement the exchange themselves or have the federal government

implement the exchange.

THE CHAIR:

Senator Kelly.

SENATOR KELLY:

And by when do we have to implement that change or (inaudible) --

THE CHAIR:

Senator Crisco.

SENATOR KELLY:

-- the exchange?

Thank you.

SENATOR CRISCO:

Mr. President, I believe the date is July 1st of this year.

THE CHAIR:

Senator Kelly.

SENATOR KELLY:

Now, who is responsible for enacting this; is it the Governor, the General Assembly or the Governor and General Assembly? Through you, Mr. President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Mr. President, through you, all of the above.

THE CHAIR:

Senator Kelly.

SENATOR KELLY:

Thank you.

Now, if the exchange, if the purpose of the exchange is to help those individuals that are either uninsured or underinsured, why couldn't we do that within current state resources, such as the State Department of Social Services, rather than through the creation of a quasi-public agency?

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Mr. President, through you to the Senator, I believe the insurance exchange gives a more qualified body to give the best possible outcome for the insured and underinsured.

If the Senator wants additional staffing and four different other agencies, I don't believe that the expertise is presently there.

THE CHAIR:

Senator Kelly.

SENATOR KELLY:

Thank you, Senator Crisco.

I do see in the proposed amendment that we have the creation of a Connecticut Health Insurance Exchange. It awful -- also references the Office of Health Reform and Innovation. We also have the Office of Health Care Advocate, and the SustiNet Health Care Cabinet.

Do you envision any further quasi-public agencies or committees or entities to implement the federal Health Care Reform Act? Through you, Mr. President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Mr. President, through you to the good Senator, to implement the federal Health Care Act, we will be reviewing legislation that will deal with health care partnership, which will deal with SustiNet, which would deal with third-party administrators, which would deal standards in the contract, which will deal with utilization review. These were, I believe, are all separate from this insurance exchange.

THE CHAIR:

Senator Kelly.

SENATOR KELLY:

Do you envision the increase of state employees to handle this?

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Mr. President, through you, what, you know, as the legislation describes, it's up to the -- the board and the CEO to determine their particular staffing needs and other requirements for operation, which I believe will all be self-sustained in regards to income.

THE CHAIR:

Senator Kelly.

SENATOR KELLY:

Thank you, Mr. President.

Okay. Now under the exchange it appears to allow qualified health plans, qualified individuals, and qualified employers. Who qualifies these individual, individuals, employers, and health plans?

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Mr. President, through you to the Senator, the exchange.

THE CHAIR:

Senator Kelly.

SENATOR KELLY:

And how so? How -- how does one become qualified?

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Mr. President, through you to the Senator, as the CEO and the board of directors determines in regards to specific, professional criteria that is required.

THE CHAIR:

Senator Kelly.

SENATOR KELLY:

Will those specific, professional criteria come back to the Legislature to review and adopt or is this something that the board on its own can adopt and promulgate? Through you, Mr. President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Yes, Mr. President. Through you to the good Senator, I believe in -- there's some -- some answers to his questions in Section 8 and also in regards to Section 12.

I believe that, you know, whatever the exchange will like to recommend has to come back to the Governor and General Assembly, no later than January 1, 2012.

THE CHAIR:

Senator Kelly.

SENATOR KELLY:

Speaking of Section 8, would Section 8 require anybody that participates in the exchange to comply with any of our current and -- and future, I imagine -- insurance mandates? Through you, Mr. President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Yes, as I mentioned earlier, yes. But --

THE CHAIR:

Senator --

SENATOR CRISCO:

But again --

THE CHAIR:

Senator (inaudible).

SENATOR CRISCO:

-- Mr. President, through you, that is still a decision to be made by this body and by the General Assembly in regards to when we receive from the federal government, what particular preventions are included in their -- in their plan. Then this body will have to make the decision whether to delete or retain or completely eliminate the preventions that are on the books. But that is a decision that this General Assembly will have to make in the next couple of years.

THE CHAIR:

Senator Kelly.

SENATOR KELLY:

Thank you, Mr. President.

As there is a relationship between coverage and cost, and if we require, whether we stick with the essential benefit package as -- as identified in the federal plan or we require any participants in the exchange to meet all the Connecticut mandates, wouldn't it stand to reason that if there was a policy without those mandates, it would be less expensive with those with, if there's -- I'm going to say, under

the federal package -- a -- a lower essential benefit than the state would require? Through you, Mr. President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Thank you, Mr. President.

Through you to the Senator, we do not know at this time, that is why we are -- we're waiting -- awaiting further information from the federal government.

But let me also add, Mr. -- Mr. President, to the Senator that -- that we've had the discussion numerous times. We seem to be caught up in a -- in a -- a system where we only talk about costs.

And I've been advocating to this body for several years now that never, never do we make into consideration the benefits that may be derived, whether it's an individual's life, whether it's no stays in a hospital, whether it's continued good health, prevention, we never seem to remember that that's all part of the equation. And it's always been my hope that the benefits of what we do far exceed

what we refer to as the "costs."

THE CHAIR:

Senator Kelly.

SENATOR KELLY:

Thank you, Mr. President.

With regards to Section 9, it establishes a Navigator grant program. Do we have an idea as to how much funding will be dedicated to that program? Through you, Mr. President.

SENATOR CRISCO:

Mr. --

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Mr. President, through you to the Senator, that is up to the -- the board and the CEO to determine what funds would be allocated to the grants and what the grants would be. That would all be in the planning stage, Mr. President.

THE CHAIR:

Senator Kelly.

SENATOR KELLY:

So if it's up to the board, would it then -- or to the -- to the exchange, am I clear in understanding

that that's an open-ended grant that we would extend to that exchange to come up with an amount on their own? Through you, Mr. President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Mr. President, through you to the good Senator, I would think it's just in good logic that if you have a particular budget for a part of your program, that you would allocate that budget efficiently and responsibly.

THE CHAIR:

Senator Kelly.

SENATOR KELLY:

Thank you, Mr. President.

But in the grant of authority over to the quasi-public agency, I would think it would be incumbent upon the Legislature to know what we're giving them the authority to expend. Granted, we're giving them the discretion to decide how to implement and appropriate those funds, but I would think before we would give them that authority, we would at least say you've got, you know, X dollars. It's kind of like sending your child to a candy store and saying

the -- the budget is unlimited or you can say to your child the budget is a dollar. You know, do we have an idea as to what the budget we're going to allow them to use in -- in furtherance of this Navigator grant program and what -- what the parameters would be? Through you, Mr. President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Mr. President, through you to the Senator, as mentioned at least three times before, in Section 12 of -- of the amendment it states that any action taken by the board and CEO has to be reported back to the General Assembly and the Governor, for their approval.

THE CHAIR:

Senator Kelly.

SENATOR KELLY:

Now, this exchange appears to allow businesses with 50 employees to purchase insurance within the exchange. Is there any reason why 50 was chosen, not 75 or 25?

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Mr. President, through you to the Senator, again referring to Section 12, Item Number 3, there is language here to have the board and CEO consider revising the definition of "small employer" from not more than 50 employees to not more than a hundred. So there is, you know, language there to allow for a recommendation to the General Assembly for a specific number.

And, Mr. President, in addition to the Senator, 50 was the minimum requirement by the federal government.

THE CHAIR:

Senator Kelly.

SENATOR KELLY:

Thank you, very much.

Between lines 351 and 3 -- through 354, it -- the bill limits the number of plans that can be offered in the exchange. What is the reason for the limitation and, once again, who chooses that limitation? Through you, Mr. President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Mr. President, and through to the Senator, I think it's just logic that you'll try to offer to the people of Connecticut not 200 plans, maybe not even a hundred, but the best possible plans. And according to the federal government, three plans are -- are -- or could be the model for the exchange to offer.

THE CHAIR:

Senator Kelly.

SENATOR KELLY:

Thank you, Senator Crisco.

I am a little concerned about a number of things, but the last answer, given the state's history and with a number of different issues that I've advocated here on the Senate floor in the past few months, I get sincerely concerned.

You know, you look at something like the Connecticut Home Care Program and the change of the Community Spouse Protected Amount, and when you drill down on the numbers, it's not uncommon to find that there's been a -- a number put into the budget, yet nobody can figure out how we got there or what it means.

And I'm reluctant to say that we'll give authority to a third party, mindful that there are

sections that are going to bring that power back to us. But we often find that the decisions made by these third parties, by the time it comes back, it's cast in stone; this is the way it is, and it takes on a life of its own.

I think before we -- we adopt legislation, we should know what's in the legislation and move forward once we have a clearer picture of -- of what is actually going to -- going to happen.

But thank you, very much, Senator Crisco. I know that you've worked very hard on this and many other insurance issues.

And thank you, Mr. President.

SENATOR CRISCO:

And, Mr. President, I greatly appreciate the remarks of Senator Kelly, and I believe that whatever we do really involves this whole body. President Williams provided the leadership on this specific project. Staff from OPM and from the Department of Insurance, from our different caucuses, you know, all worked to try to come up with the best possible plan.

And it's easy, I realize, to look at something being a glass half empty, but there are many times when I -- when the glass is half full. And I can't

think of a prouder moment than last week when this body rose twice in succession to speak in concurrence about legislation, and that is doing what's right for the people of Connecticut.

And that's up to each individual Senator to determine, but I appreciate the remarks by Senator Kelly and others. It's, you know, we, Senator Kelly and I, have had a good working relationship on the Insurance Committee, because we're all here for one objective -- and it may sound trite -- but how to make life easier for the people of Connecticut. And the exchange is one gosh-darn, good way of doing that.

THE CHAIR:

Senator McKinney.

SENATOR McKINNEY:

Thank you, Mr. President.

Mr. President, if I could, several questions to the proponent of the amendment.

THE CHAIR:

Please proceed, sir.

SENATOR McKINNEY:

Thank you.

Senator Crisco, the underlying -- the underlying file copy before us, which we're seeking to amend, has

within it, in Section 5, Subsection (c)(4) has a specific language that says the employees of the exchange would be exempt from classified service. The amendment before us eliminates that language. Could you please tell us why that language was eliminated? Through you, Mr. President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Mr. President, through you to the -- to the Republican Leader, I appreciate that question and I think we have addressed this issue in other areas of legislation that we have confronted. If you do not go that route, then the start-up time could be extended substantially, where we will miss our deadline in providing our plan to the federal government.

SENATOR McKINNEY:

Thank --

THE CHAIR:

Senator McKinney.

SENATOR McKINNEY:

Thank you.

Mr. President, if I could just -- I guess that's not the answer I was -- I was expecting. So -- so

whether the employees of the exchange are classified employees or state employees determines when we can get the plan approved by the federal government? Through you, Mr. President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Mr. President, through you to the Senator, I -- what I'm trying to explain is that there are different processes in classified and unclassified. I believe the -- the good Senator is aware that there -- there may be situations of bumping -- I'm not sure -- but according to our research, the most expedient way to get this job done is to go through the language that's in the new amendment.

THE CHAIR:

Senator McKinney.

SENATOR McKINNEY:

And through you, Mr. President, as I understand the idea of bumping, which was discussed, that would refer to state employees. The file copy before us says that the employees -- it says the exchange can employ such assistants, agents, and other employees as may be necessary or desirable, which employees shall

be exempt from classified service. So as I understand it, the file copy says they will be exempt from classified service but the amendment deletes that language.

Through you, Mr. President, so under the file copy, there'd no issue of bumping; they're exempt from classified service. The amendment before us deletes that language. Through you, Mr. President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Mr. President, through you to the Senator, I apologize if I misunderstood his question. But according to my information that it is better to, I believe -- through OPM -- to remain silent on the issue.

THE CHAIR:

Senator McKinney.

SENATOR McKINNEY:

And -- and through you -- and I respect -- I -- I -- through you, Mr. President, what is OPM's rationale for remaining silent? Before I can respect their position, I'd like to at least know the justification

for it. Through you, Mr. President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Mr. President, through you, if I could just take a quick break.

THE CHAIR:

The Senate will stand at ease.

(Chamber at ease.)

THE CHAIR:

The Senate will come back to order.

Senator Crisco.

SENATOR CRISCO:

Thank you, Mr. President.

My apologies to the Senator. According to the information I have is it's not necessary to refer to nonclassified employees; it's better to remain silent on it.

THE CHAIR:

Senator McKinney.

SENATOR McKINNEY:

Thank you.

And -- and, Senator, no -- no apology is necessary; the fact that we get the right answer is obviously paramount here. And if it takes more time getting the right answer, and silence is better than listening to one of us talk; that's for sure.

I -- I ask those questions, Senator, because -- and -- and maybe I'm part cynical, but we have an underlying bill before us which specifically exempts employees from classification, from being state employees. And then we have an amendment that strips that language. You know, so I think it's just people need to know what we're talking about here.

I understand OPM's rationale; it sounds like a pretty good two-step to me. I think somebody stepped in and said we want these people to be state employees, so we're going to take that language out. That's my opinion.

Let me move to the next section I had a question about. And -- and, Senator, I'm only going to ask you about six sections. But specifically what I'm trying to do is -- is talk about the differences between the underlying file copy and the amendment before us. And I respect the fact that you stated earlier in your opinion this is sort of taking the best pieces of

different ideas. But as I understand it, the Senate Bill 921 was the version put in by the Governor's Office. Candidly, it is a version I prefer to the version before us.

I remember earlier in the year -- and -- and I apologize; I don't -- I think you were in the meeting, Senator, but perhaps not. I think it was Speaker Donovan hosted a meeting in his office. Senator Williams, myself, others were there with the -- with the north -- with the New England Director from HHS to talk about these exchanges.

And one of the things that struck me was that even people from Health and Human Services, in terms of their advice were, look, you need to get these things up and running. There's various different ways you could do it, whether you choose to be quasi-public, whether you choose to be state employees, whether you choose to be nonprofit, but you also have time to see how other states are working and to see what the federal benefit package is.

And, candidly, I think that's the approach that the Governor recommended to us, and I think that's the wiser course of action. So that was one difference

between the amendment before us and -- and the file copy, which I call the "Governor's plan."

The second difference is in that same section, Section 5, Section 5(C), Subsection 16. And Senator Kelly asked you about whether or not it limits the number of plans' offers, which it does. And -- and I heard your answer on that. But -- but assuming -- and -- and you made a very good point that cost isn't the only issue here; quality is also an issue -- but assuming that we're not going to let plans into the exchange that are of no quality and don't provide health care, wouldn't it make sense that having the ability to have more plans offered in the exchange would lower costs?

I mean, it seems to me we're going to have a debate in this Circle, not too far from now, about pooling and about how if you have more people in the pool, you're going to get lower costs. And -- and this section right here seems to be directly opposed to the notion that having as much competition in a pool will lower costs. Through you, Mr. President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Mr. President, through you to the -- the Senator. You know, in theory, I -- and, you know, I -- I could agree with him. But basically, remember the -- the legislation calls for the exchange to certify the plans. And so I would expect that the certification would be the best plans available and would give people a range that's reasonable for them to make a decision. You could have a hundred plans and I don't think that we would achieve the objective that we're setting out to achieve unless we have the best plans, the plans that are certified by -- by the exchange.

SENATOR McKINNEY:

But --

THE CHAIR:

Senator McKinney.

SENATOR McKINNEY:

Thank you.

But didn't I -- did I hear you correctly? On several occasions you've talked about gold, silver, and bronze. Are we envisioning only three plans? Through you, Mr. President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Mr. President, through you, the -- the board -- the exchange could come through with maybe a different set of plans.

SENATOR McKINNEY:

Thank you.

Senator --

THE CHAIR:

Senator McKinney.

SENATOR McKINNEY:

Thank you, Mr. President.

Thank you, Senator Crisco.

The next question, it deals with the very next --

SENATOR CRISCO:

I'm sorry to interrupt the --

THE CHAIR:

Senator --

SENATOR CRISCO:

-- Senator.

THE CHAIR:

-- Crisco, Senator McKinney has the floor.

SENATOR CRISCO:

I -- I (inaudible) --

THE CHAIR:

(Inaudible.)

SENATOR McKINNEY:

I certainly would yield to Senator Crisco for an answer.

SENATOR CRISCO:

No, I --

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

-- spoke in error.

Thank you, Mr. President.

I spoke in error, Senator. Each -- the exchange has to issue a gold, silver, or bronze plan.

THE CHAIR:

Senator McKinney.

SENATOR McKINNEY:

Thank you, Mr. President.

And thank you for that clarification, Senator.

Senator Crisco, in -- in that next subsection, Subsection 17, again, language that is not in Senate Bill 921, talks about the joint evaluation with the SustiNet Health Care Cabinet and the feasibility of implementing a basic health program option.

The -- the first question is as I understand this amendment and the bill, if we were to adopt -- not we -- if the exchange were to adopt a basic health program option, you would have one of two choices, either purchasing through the exchange or the basic health program option. Is that a correct understanding, through you, Mr. President?

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Mr. President, through you, if I understood the Senator correctly, no. You could -- you would either have to purchase the -- the plan that are certified by the health exchange or you cannot purchase the plans outside the exchange.

THE CHAIR:

Senator McKinney.

SENATOR McKINNEY:

And so then what -- what does the exchange envision in terms of this Subsection 17, working with the SustiNet Health Care Cabinet, implementing a basic health program option? What is the basic health program option? Is that one of the silver -- gold, silver or bronze options offered through the exchange?

Through you, Mr. President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Mr. President, through you to the Senator, those -- those sections have been repealed. According to my version, Sections 15 to 18 have been repealed to reflect the creation of this new, quasi- agency. So I apologize again if he's referring to a section that -- that is not here, but I will gladly double-check that, if we could stand at ease for a few minutes, Mr. President?

SENATOR McKINNEY:

Well, it --

THE CHAIR:

Senator McKinney.

SENATOR McKINNEY:

And thank you.

It's -- it's my understanding that we're on LCO Number 7830, which is an amendment that's been offered to Senate Bill 921. And my copy of LCO 7830, in Section 5, Subsection (c)(17) talks about evaluate jointly with the SustiNet Health Care Cabinet the feasibility of implementing a basic health program

option, as set forth in Section 1331 of the Affordable Care Act.

SENATOR CRISCO:

Mr. President, can we take --

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Take a -- a -- stand at ease for a couple of minutes?

THE CHAIR:

The Senate will stand at ease.

(Chamber at ease.)

SENATOR CRISCO:

Mr. President?

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

I -- I would appreciate it if I could yield to Senator Gerratana, who is Chairman of the Public Health Committee, who would have that information.

THE CHAIR:

Senator Gerratana, do you accept the yield?

SENATOR GERRATANA:

I do, sir, Mr. President.

And I'm sorry I was out of the Chamber, but I believe that the question from Senator McKinney is about the basic health plan, through you, Mr. President? Oh --

SENATOR McKINNEY:

That -- that's correct.

THE CHAIR:

Senator McKinney.

SENATOR GERRATANA:

Okay.

SENATOR McKINNEY:

And thank you.

And -- and I thank the -- the Chairwoman of -- of the Public Health Committee.

My question was with respect to Section 5, Subsection (c)(17) of the amendment, which is -- which is language not in the underlying bill, which talks about the -- the authority to jointly evaluate with the SustiNet Health Care Cabinet the feasibility of implementing a basic health program.

The question is: What is that health program and how does it fit into the exchange vis-a-vis the gold, silver and bronze plan that the exchange is supposed to offer? Through you, Mr. President.

THE CHAIR:

Senator Gerratana.

SENATOR GERRATANA:

Through you, Mr. President, I believe there is not a requirement to have a basic health plan but rather to look and study the basic health plan. If you give me the line in the bill, I can read the language for myself, the number. Through you, Mr. President.

THE CHAIR:

Senator McKinney.

SENATOR McKINNEY:

Thank you.

And -- and I apologize to the good Senator. I -- I did not print the version with the line numbers, but it is Section 5.

SENATOR GERRATANA:

Okay.

SENATOR McKINNEY:

Subsection C. And just -- just -- and I'll -- and I'll read it to you, Senator. It's --

THE CHAIR:

It's lines -- if I interject?

SENATOR McKINNEY:

Yes.

THE CHAIR:

It's lines 355, 357.

SENATOR McKINNEY:

Thank you. Thank you, Mr. President.

Perhaps that's --

THE CHAIR:

You're welcome.

SENATOR McKINNEY:

-- why you're the President today.

THE CHAIR:

Senator Gerratana.

SENATOR GERRATANA:

Thank you, Mr. President.

I'm looking for that now, but I'll explain what a basic health plan is. The basic health plan is a concept that has come to us from a variety of sources -- here it is; I see it now. Thank you, sir.

The basic health plan is a plan that -- and in this case, we're going to be studying it -- but it will be a plan that will address the population in our state that are between 133 percent of the federal poverty level and 200 percent of the federal poverty level. And the reason being that want the exchange to look at this is because we have a great concern that this population, even with the subsidies that may be afforded through the exchange, would still not be able to afford a health care plan. We don't know whether this will be true or not, but we also felt very strongly that a basic health plan -- and it's not the basic essential health plan that the federal government is formulating at this time -- but that a basic health plan would address this population that for all intents and purposes churn, is a churning population. They sometimes can afford health care coverage; sometimes, they cannot.

And it is appropriate that if we're going to look at providing health care coverage insurance products to our citizens in the state, that this should be a -- a consideration for study. Through you, Mr. President.

THE CHAIR:

Senator McKinney.

SENATOR McKINNEY:

Thank you.

And -- and just so both Chairs know, I think this is probably the last avenue of questions I had comparing the amendment to the underlying bill.

But there are provisions in the -- in the amendment and the underlying bill which allows the exchange to charge certain fees, et cetera. If -- if we -- and -- and, Mr. President, I would ask the question either of the good Chairman, who can answer this. But if we take for a second a hypothetical assumption that the exchange and the SustiNet Health Care Cabinet agree that a basic health program should be offered for that population, that is not too dissimilar -- in fact, I think it's exactly -- what the SustiNet Public Option Bill that was before the Legislature and has subsequently been amended was to do, was to provide a public-option health care plan for -- for people and would be subsidized, depending on your income, though those at the lowest income would get a higher subsidy.

Our Office of Fiscal Analysis scored that plan as costing us over $400 million, annually. So -- and I'm

not saying it's going to happen; I'm not saying this makes it happen. But if you assume my hypothetical that they decide to do it, where does that money come from? Through you, Mr. President.

THE CHAIR:

Senator Gerratana, can -- are you prepared to answer the question?

SENATOR GERRATANA:

I am, sir. Thank you.

THE CHAIR:

Please proceed.

SENATOR GERRATANA:

Through you, Mr. President, with the basic health plan, one of the other reasons, a very important reason that we're putting it in this bill, to look at implementing it, is because we are -- and I say "we" in talking with people on the Public Health Committee and people out in the public -- feel that a basic health plan also will be a plan that will be subsidized on the federal level to the tune of 95 percent reimbursement, a great -- a far-greater percentage of money that would be available to us through the federal government so that, in essence, any monies that would be spent on this program would

be 5 percent and we're hoping maybe even less. So that's why we thought it was very important to include an analysis of a basic health plan and see in the future, as we feel it may happen from all indications from the federal government, that this plan could be subsidized.

Secondly, just to address your concern about a pubic option, my understanding of the basic health plan may have components of a public option but my understanding that it would not be a public option that was proposed under the -- I think it was the original SustiNet Bill. This is a -- going to address a population, as I have mentioned, and set the parameters, and also that the funding would come from the federal government. So that's why it's an important plan to look at and to study and see if this is something that we could offer under the exchange. Through you, Mr. President -- Madam President.

(President in the Chair.)

SENATOR GERRATANA:

Sorry.

SENATOR McKINNEY:

Thank you.

THE CHAIR:

Senator --

SENATOR McKINNEY:

Thank you --

THE CHAIR:

-- McKinney.

SENATOR McKINNEY:

-- Senator Gerratana.

Good evening, Madam President.

THE CHAIR:

Good evening, sir.

SENATOR McKINNEY:

Actually, Madam President, through you to Senator Crisco, I did skip one section. And, Senator, that was -- if I could draw your attention to Section 6, Subsection 14 of the amendment. That is the section that gives the exchange the authority to collect and administer premiums.

And I -- and so I think the question was asked earlier, Senator, if this makes the exchange an insurance company. And I -- and your answer was no, and I agree with that answer. I -- I would ask it a little bit differently, just so we understand exactly

what it is the exchange is going to do then, because -- because we as a state now, moving into self-insurance, use some of the same insurance companies as third-party administrators through, obviously, through going out to bid.

Doesn't this, through you, Madam President, make the exchange a third-party administrator? And what is -- what is the benefit to the people of the State of Connecticut by being a third-party administrator?

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Madam President, through you to the Senator, in my opinion, the answer is no.

THE CHAIR:

Senator McKinney.

SENATOR McKINNEY:

And -- and thank you.

And so my -- sorry, I asked you two questions at once, which is a little unfair.

The second question is: What is the benefit to the people of the State of Connecticut by having the exchange collect and administer premiums? Through you, Madam President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Mr. [sic] President, through you to the Senator, I would think that's a way of making sure that insurance coverage is -- is continued.

THE CHAIR:

Senator McKinney.

SENATOR McKINNEY:

Thank you, Madam President.

But, Senator Crisco, as I understand the exchange, though, the exchange is to be a place where health care plans will be offered. They will be private plans, putting aside whether or not there'll be a public option with agreement with the SustiNet Health Care, private plans that people can go into the exchange and -- and purchase.

Why wouldn't they deal directly with whoever is providing the insurance plan that they purchase rather than going through an employee of this exchange? Through you -- it -- it would seem to add the need for a number of employees of the exchange, if they also have to be in the business of collecting -- collecting

and administering premiums. Through you, Madam President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Madam President, through you to the Senator, this is not required for employers. In fact, as he originally stated, I look at it as a benefit to small employers if the exchange takes on the administrative burden that will be placed on the small employers.

THE CHAIR:

Senator McKinney.

SENATOR McKINNEY:

And -- and we can probably find out and debate and have actuaries determine whether or not small employers can't afford to collect and administer the premiums. I mean, a small law firm, you know, probably has somebody who does a lot of the administrative work, and that person would probably be charge with that. So it doesn't seem to me that they would necessarily have to hire new people.

But -- but let's -- let's even assume that this is a burden that some small employers can't afford. Aren't we necessarily then saying that we're going to

have to hire more employees for the exchange? I mean, is it -- is it possible that the exchange can exist with the same number of employees if it were not administering and collecting premiums for enrollees and small employers than if it were? Through you, Madam President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

And, Madam President, through you to the Senator, yes.

SENATOR McKINNEY:

Thank you. I --

THE CHAIR:

Senator McKinney.

SENATOR McKINNEY:

I -- and I -- and I find that -- I find that incredible, and here's why. If it is -- if it is a burden on a small employer to collect and administer premiums, what's the burden? The burden is they have to have somebody in their business doing it. But now we're told that the exchange can do it for countless small employers and enrollees. This is exactly what it would allow the exchange to be, offer enrollees and

employers the option of having the exchange collect and administer premiums. They are a third-party administrator. That's sort of what they're acting like.

So it's mind boggling that this would be such a burden on the small employer but require not one additional employee by the exchange. So I thank the Senator for his answer. I'm -- I'm -- I don't understand it. I don't agree with it, but I thank you. And I thank you for all the answers to my questions, Senator Crisco.

Madam President, we're about to vote on an amendment to Senate Bill 921, and there were a number of different versions. And I think the federal government specifically contemplated a number of different ways to handle the implementation of -- of the insurance exchanges. They even contemplated that states could do nothing and simply join the federal plan.

In my opinion, Senate Bill 921 represented the best of the various versions I saw before us in this Legislature. That was a version that established what needed to be established under the federal law but was cautious in what it was doing.

Senate Bill 921 specifically says that the employees of the exchange will not be state employees. The amendment before us takes that language out and then we're told OPM wants to remain neutral or silent. What does that mean? What direction are we giving the exchange? I would argue that when the first copy of the bill says they're not going to be state employees and the second version takes that out, you're specifically contemplating that they'll be state employees. And whether that's the right policy or not, I think the lack of willingness to admit that is somewhat startling.

The -- the underlying bill before us does not specifically limit the number of plans offered the exchange. Senate Bill 921 does not do that. If we're about allowing plans to come into a private exchange whereby people can go to that exchange and get health care policies more affordable, why would we want to have what could be significant limitations on the plan? And -- and so far I've heard about, you know, gold, silver, and bronze. I don't know that gold, silver, and bronze means that everybody is going to benefit from having more affordable health care

through the exchange. So I think the underlying bill is better in that respect as well.

Section 5 (c)(17), which we just talked about, is not in the underlying bill. There is no discussion about coordinating with SustiNet and establishing a basic health care plan. That may be where this Legislature wants to go. But the basic health care plan, as outlined in the SustiNet bill that was before this Legislature, was scored by our nonpartisan awful -- Office of Fiscal Analysis as costing offer $400 million a year. The Governor, himself, said we couldn't afford it right now. But there's no -- there's -- there's no direction, understanding or protections that if the exchange wanted to do a basic health care plan, who is going to pay for it and where the money is going to come from. So the underlying bill is better in that respect.

The underlying bill does not give the authority the ability to be a third-party administrator, to administrate and collect the premiums. And I understand what Senator Crisco said. He -- he -- I think he very clearly pointed out the two sides of the coin. The one side is that if you're an enrollee or a small employer, collecting or administrating the

premiums could cost you time or money. But on the other hand, he says but it won't cost the exchange time or money, and that makes no sense. Somebody has to do it. It costs somebody, and we don't know who and how much. Again, the underlying bill is better in that respect.

The underlying -- the underlying amendment before us also, Madam President -- and this is a tremendous difference -- the underlying amendment also requires the plans offered in the exchange to carry all of the mandates that are part of Connecticut State Statutes. And as I understand the federal law, the federal law -- and -- and -- and Senate Bill 921 did not do that, Madam President.

Senate Bill 921, which they're seeking to amend, says you must, at a minimum, provide what the federal government says you have to provide. What a much better way of writing your exchange language, and here's why. According to the federal government, they will put together a minimum benefit plan. They have not done that yet. If we in Connecticut have more mandates than the federal minimum plan, who pays for the difference? We do. We do. But we don't know what that federal plan is.

That's why I -- I almost -- I almost chuckled a little at an earlier conversation between Senator Crisco, and I believe it was Senator McLachlan or Senator Kelly, as to, well, what's going to be better if we do nothing and we're in the federal plan, what's better? And Senator Crisco, I -- I think honestly said, well, this is going to better. Well, I know he believes that, but since we don't have a federal plan to compare it with, we can't make that decision.

So 921 recognizes that the federal government has obligations here, and those obligations should come first. Let the federal government establish its basic minimum plan. Let us see what that plan is. Let us see how that plan relates to our plan and our mandates in Connecticut.

They may surprise us. They may require much of what we require in Connecticut, and therefore the language that says we have to provide the minimum, at least the minimum of what the federal government does, means we're in pretty good shape. The federal government might come up with a plan that doesn't require as much as what we do. Under the language of 921, we still have the ability to say we're going to require everything that we currently require, all the

mandates, but it gives us the option of saying, wait a minute, maybe all these mandates are too expensive. Maybe that's one of the reasons why health care insurance is so unaffordable for so many. Maybe. But at least we have the option of looking at that, and that's not an option if this amendment is adopted.

So I think that we can, even as -- even as the official from HHS indicated in -- in a meeting with Connecticut officials that I was part of, we can establish the federal Health Care Exchange, meet the requirements of the federal health care law but not make some of these decisions now. And we will not be behind the 8-ball; we will not be late to the game. Allowing the federal government to tell us what its basic federal package is before we determine what our minimum standards are, seems to be a better chronology of adopting these things.

And that's why, because of my belief that Senate Bill 921 is a better product than the amendment before us, I'm going to vote against the amendment, Madam President.

THE CHAIR:

Thank you, Senator.

Will you remark further?

Senator Welch.

SENATOR WELCH:

Thank you, Madam President.

I do have a few more questions for the proponent, if I may --

THE CHAIR:

Please proceed --

SENATOR WELCH:

-- through you, Madam President?

THE CHAIR:

-- sir.

SENATOR WELCH:

And this is for the second time. Thank you, Madam President.

THE CHAIR:

Thank you, sir.

SENATOR WELCH:

On the amendment. Thank you.

They should be quick, and it's just for a cleanup, for my purposes. And the first question I have, through you, Madam President, to Senator Crisco, what happens if the quasi-public agency defaults on the bonds? Who is responsible for those obligations?

Is it, in fact, the state? Through you, Madam President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Madam President, with my knowledge, that is correct.

THE CHAIR:

Senator Welch.

SENATOR WELCH:

Okay. Thank you, Madam President.

And then if I could address the proponent to line 412 of the proposed amendment and just, through you, ask him for a clarification as to what Subsection 11 means. I've been through it a few times. I'm having a hard time getting my mind amount -- around what -- what we're doing there. But if I can get a little clarity, I'd appreciate it, through you, Madam President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Thank you, Madam President.

As I will review the -- the line, since I -- my information it's not lined. Could he repeat the question, please?

THE CHAIR:

Senator Welch, will you repeat the question, please?

SENATOR WELCH:

I will. And through you, Madam President, lines 412 through 416, Subsection 11. What -- what is it that this amendment is trying to do there?

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Madam President, through you, according to my information, if for some reason the insureds forfeits on -- on their -- on their payment, DSS -- and they lose their tax credit -- could allow the -- the small employer to remain in the plan.

THE CHAIR:

Senator Welch.

SENATOR CRISCO:

What?

SENATOR WELCH:

Okay.

SENATOR CRISCO:

I'm sorry, individual. The individual --

THE CHAIR:

That's all right.

SENATOR CRISCO:

-- could stay in the plan.

THE CHAIR:

Senator Welch.

SENATOR WELCH:

Okay; thank you for that.

And back to the issue that Senator McKinney was talking at length about with respect to quasi-public agencies and state employees, if I could just get maybe a little bit more certainty. And I don't know if it's possible, at this point in time, with respect to some of the answers there.

Let me kind of back it up a little bit, and through you, Madam President ask this question first: Are there -- have we created any quasi-public agencies that were not agencies, that became quasi-public agencies but created at the outset a quasi-public agency where those employees have been state

employees? Through you, Madam President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

If the -- if the Senator could kindly repeat --

THE CHAIR:

Senator.

SENATOR CRISCO:

-- the question?

THE CHAIR:

Senator.

SENATOR WELCH:

Sure. Do we have any quasi-public agencies that have state employees for employees, which are quasi-public agencies that are the creation of -- of the Legislature, rather than taking an agency and making it a quasi-public agency?

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Madam President, if I am correct, I believe the only entity that would qualify for the good Senator's question, I believe, is the Connecticut Lottery.

THE CHAIR:

Senator Welch.

SENATOR WELCH:

Okay; thank you.

And then if I could just, I guess, be as direct as possible with this question, notwithstanding that OPM wanted to be silent on the issue of whether or not the employees for this particular quasi-public agency would be state employees or not, what is your intent, through you, Madam President, that these would be state employees or not state employees? Through you, Madam President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Madam President, I have no intent and I think we all will await the recommendations of the CEO of the exchange and their board of directors.

THE CHAIR:

Senator Welch.

SENATOR WELCH:

Okay. Thank you, Madam President.

I -- I had been a big proponent of the Governor's Bill 921, and I'd often been on record as saying that that would be the exchange plan that -- that I could

support for, quite frankly, a number of the reasons that Senator McKinney had already said, which I don't think bear repeating. But what we have before us is no longer that plan, and I think probably one of the most significant changes or two of the most significant changes are the one we just discussed and -- and the one Senator McKinney touched on, and that is the mandates.

We have a lot of mandates in this state and we've passed more this session, and I believe we're probably going to pass more within the last few days. And some of these mandates are really expensive, and these potentially are mandates that we're going to be asking the citizens of the state to pay for rather than an insurance company, rather than the federal government.

So with that, I will not be supporting this amendment. I do still stand by my support of 921.

Thank you, Madam President.

THE CHAIR:

Thank you, Senator.

Will you remark further?

Senator Suzio.

SENATOR SUZIO:

Thank you, Madam President.

And I'm certain Senator Crisco dreads to hear this, but through you, Madam President, to Senator Crisco, if I may?

THE CHAIR:

Please proceed, sir.

SENATOR SUZIO:

Thank you.

Senator Crisco, first of all, again thank you for the hard work you've done on this. It's -- it's -- this is a -- a big issue and a complex issue, and it's one that's being driven in part by federal legislation as well. And I appreciate the -- the lead that you've taken in addressing this on the state level.

I have -- I want to start by making certain I understand the big picture about this in Connecticut. The exchanges, as I understand it, will be there to basically regulate and oversee so-called "qualified plans" that outside the exchanges there still will be ordinary health care insurance that's offered by carriers here in Connecticut. Is -- is that an accurate understanding, through you, Madam President?

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Mr. --excuse me -- Madam President, through you to the Senator, I -- I believe the correct terminology, there will be certified plans that have been declared by the exchange. And, yes, there will obviously be many other plans outside the exchange.

THE CHAIR:

Senator Suzio.

SENATOR SUZIO:

Thank you.

And through you, Madam President, I notice that the plan does require that anyone who offers a qualified or certified plan must be licensed to offer insurance in the State of Connecticut. And I believe that was confirmed by Senator Crisco in an earlier dialogue with one of my -- one of our other colleagues.

My question is: How many carriers are there currently who are licensed to offer health care insurance policies in the State of Connecticut? Through you, Madam President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Madam President, through you to the Senator, I could just -- in fact, I'm in fact reviewing the rate requests by the various health care companies in the state, and I would state there -- there must be close to a hundred. But, again, that's just a guesstimate.

THE CHAIR:

Senator Suzio.

SENATOR SUZIO:

Thank you.

And, again, through you, Madam President, I noticed that part of the responsibilities of the exchange are to certify, recertify, and decertify plans. Since the term "recertify" is in there, what is it contemplated in terms of how often plans are recertified? Through you, Madam President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

And, Madam President, through you to the good Senator, that will be up to the -- the board and the CEO to develop guidelines in regards to that issue.

THE CHAIR:

Senator Suzio.

SENATOR SUZIO:

Thank you, Madam President.

And, again, through you, Madam President, employers in the State of Connecticut will -- after this is established -- will have the opportunity or the choice to -- to choose plans that are offered outside the exchange or plans that are inside the exchange.

Through you, Madam President, what does the Senator envision will be the primary mechanism that would motivate an employer to choose an in -- an exchange-regulated plan versus a plan that's outside the exchange? Through you, Madam President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Madam President, that has many variables involved. To the Senator, I believe that based on actuarial analysis, some of the plans may be the same but the objective, again, is to provide a better plan for small employers that they could achieve outside in the marketplace, which may be achievable and may not. We just don't know until that time. But that is the objective of the exchange.

THE CHAIR:

Senator Suzio.

SENATOR SUZIO:

And through you, Madam President, would the -- the costs that are associated with offering a plan through the exchange by a health care carrier, would that -- those costs be incremental to the normal costs of offering a health care plan? Through you, Madam President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Madam President, through you to the Senator, it's just unknown at this time. It all depends upon the guidelines and the recommendations of the CEO and the board of directors.

THE CHAIR:

Senator Suzio.

SENATOR SUZIO:

Thank you.

And through you, Madam President, the plan provides for small business health options plans, and I'm -- I'm interested in understanding those a little bit better and how they work. When I -- when I read the bill, it seems like, in effect, that small

businesses will be, in effect, offering their employees vouchers and the employees can choose the plan. But I may misunderstand that.

Would the good Senator please clarify how it's envisioned the small business health option plans will -- will work mechanically. Through you, Madam President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Madam President, through you to the Senator, I -- I'm not aware of any voucher system, but, also, it all again gets back to the board and CEO developing the requirements to purchase the plan by small employers.

And remember, part of the section, the definition of "small employer" may change from 50 to anywhere between that number and a hundred.

THE CHAIR:

Senator Suzio.

SENATOR SUZIO:

Through you, Madam President, in determining the employer size, we had a little bit of a discussion about this the other day, pertinent to another bill which basically was the paid sick leave. And I

extensively questioned Senator Prague about what qualified, in that case, for the 50-employee threshold. And I -- I want to ask you a similar question. Is this going to be full-time employees that determines it? It's going to be employees -- if on one given day of a year, well, an employee has 50 employees or whatever the -- the threshold is going to be, does that trigger that they're covered in the plan, you know, or would it -- and would it cover temporary employees? Through you, Madam President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

And, Madam President, through you to the Senator, I could only speculate that, you know, with the responsible individuals that are going to be on the board, and the CEO, that they will be extremely prudent in determining what is a full-time employee.

THE CHAIR:

Senator Suzio.

SENATOR SUZIO:

Thank you.

And through you, Madam President, there is a term or phrase, "free choice voucher" used in -- in the

bill. Could the good Senator explain that a little more clearly, what that is and how it works? Through you, Madam President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Madam President, through you to the good Senator, if he could refer to the specific section and line.

THE CHAIR:

Senator Suzio.

SENATOR SUZIO:

Okay. Bear with me a second, please.

I'm reading from the OLR analysis, in which they're actually referring to the Affordability Care Act, under which employers must offer certain employees a, quote, free choice voucher. The employee can then use the voucher to purchase a qualified health care plan on the exchange. So where in the bill would that particular mechanism be addressed, through you, Madam President?

SENATOR CRISCO:

Madam --

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Madam President, through you to the Senator, according to the OLR report that I have, I -- I don't find that language.

THE CHAIR:

Senator Suzio, is this to the old bill or is that to the amendment that you have, sir?

SENATOR SUZIO:

Well, the commentary is actually made by OLR, and I believe it was on the raised bill, if I'm not mistaken. So --

THE CHAIR:

It's on the (inaudible) --

SENATOR SUZIO:

-- is it -- is it eliminated from the amended bill, through you, Madam President?

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Madam President, through you, based on the LCO Amendment 7830, I do not find that reference.

THE CHAIR:

Senator --

SENATOR CRISCO:

Which --

THE CHAIR:

-- Suzio.

SENATOR CRISCO:

Which was a strike-all amendment.

THE CHAIR:

Senator Suzio.

SENATOR SUZIO:

Through you, Madam President, well, apparently it's the federal law that requires this, and so our bill must have some kind of accommodation in it to recognize, because it says in the OLR analysis the employee can use the voucher to purchase a qualified health plan on the exchange. Is that anticipated in the bill?

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

No, at -- no, at this time. No, Madam President, through to the Senator.

THE CHAIR:

Senator Suzio.

SENATOR SUZIO:

Thank you, Madam President.

SENATOR CRISCO:

Madam President --

THE CHAIR:

Senator.

SENATOR CRISCO:

-- in appreciation of the questions by Senator Suzio, the OLR report perhaps was referring to the original file which was changed by the LCO 7830, and as it was a strike-all amendment.

THE CHAIR:

Senator Suzio.

SENATOR SUZIO:

Thank you.

I appreciate that, but I think what is being called for here is something that's mandated by federal law, so it wouldn't necessarily have been in the original bill. But I would contemplate or expect that the -- the bill, itself, would contemplate the requirement to offer such a voucher because the federal law is apparently requiring it. So if it's struck out of the bill, then it might be an omission, because apparently it's required by federal law and that's what's motivating us, if I may, Madam

President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Madam President, through you to the Senator, we are working very diligently to adopt Connecticut's own law, and I don't believe that we will be required to include that if we get our job done before the specific date.

SENATOR SUZIO:

Thank you.

THE CHAIR:

Senator Suzio.

SENATOR SUZIO:

All right. Thank you; I'll accept that.

The -- the exchange, itself, as I understand it by its nature, won't cover self-funded plans. Is that a correct understanding, through you, Madam President?

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Madam President, you know, that's true because this, you know, could be sought by the ERISA Plan.

But at this time I'd like to yield to Senator

Williams.

THE CHAIR:

Senator Williams, will you accept the yield?

SENATOR WILLIAMS:

Yes, I do, Madam President.

I just wanted to comment for the record that it -- the -- the phrase that Senator Suzio refers to is in Section 6 or I'm -- yeah, Section 6, Number 21. It's a reference to the federal Affordable Care Act, Section 10108. It simply references that. This has no effect on the bill that's before us here, and but I just wanted to bring that to your intention.

I had intended to speak after Senator McKinney spoke so that we could close the debate and vote on the amendment, but it's my pleasure to be able to offer this explanation now.

Thank you, Madam President.

THE CHAIR:

Thank you, Senator.

Senator Suzio.

SENATOR SUZIO:

And through you, Madam President, thank you to Senator Williams for helping explain that; appreciate it.

I'm near the end of my questions so just I'll be very brief, but the -- I want to find the section. I think it's am amendment.

A VOICE:

Protocol.

SENATOR SUZIO:

Okay. Among the duties that the exchange would do is, quote, certify if an individual is exempt from the PPAC requirement to carry health care insurance or the penalty from doing so. And that apparently is addressed in Section 6, (15)(A) and (B). Can you explain what those circumstances are?

My understanding always was that there was a requirement that all individuals had to carry some form of health insurance, but apparently there's an exception from it. And the exchange is authorized to certify that someone is exempt from it. Could you explain that to -- to me, Senator?

Thank you.

THE CHAIR:

Senator Crisco.

SENATOR SUZIO:

Through you, Madam President.

SENATOR CRISCO:

Madam President, that's not on my copy. Madam President, though I don't have that language in front of me, but I -- I believe that the U.S. Treasury makes the -- makes the decision in regards to who may be exempt.

THE CHAIR:

Senator Suzio.

SENATOR SUZIO:

Thank -- thank you, Madam President.

That's all my questions today.

Thank you, very much.

And thank you --

THE CHAIR:

Thank you.

SENATOR SUZIO:

-- Senator Crisco, for your patience.

Thank you.

THE CHAIR:

Thank you (inaudible).

SENATOR CRISCO:

Thank you, Senator.

THE CHAIR:

Senator Williams.

SENATOR WILLIAMS:

Thank you, Madam President; it's mice to see you this evening.

THE CHAIR:

Same here, sir.

SENATOR WILLIAMS:

I rise to support the amendment and the underlying bill, to thank, very much, Senator Crisco for his explanations, his hard work, his patience; Senator Gerratana, also for her hard work and the expertise that both of them and our colleagues in the House have brought to this very important bill here before us.

You know, I think all of us would agree that it's very important with meaningful health care reform that can save money and provide great -- that's the first time that's happened, Madam President, but at least it didn't cut out entirely. If it could happen more often, it would shorten the debate, perhaps, around the Circle; maybe that would be a good thing.

There is transparency in this bill, which is very important. One of the things that I am very pleased about is that it has a very strong conflict-of-interest provision. We don't want a health care exchange dominated by special interests, as we've

seen, unfortunately, in legislation in the past decade, there can be bills that are passed -- and we've seen this in -- in Washington -- that actually drive up the cost of health insurance because of the special interests and their influence.

The matter of mandates was mentioned by Senator McKinney, and he raises a valid point. But we have chosen not to repeal our mandates in advance of the federal plan but instead to reserve judgment so that we can work with the administration, see what the federal government proposes, in terms of its plan and the mandates that are covered, and then take action accordingly.

Finally, Madam President, I think it's very important that as we look at the exchange we understand that what we're really talking about is a process that makes getting health care easier for folks. You know, I mean, someone -- I believe Senator Crisco at the -- at the beginning of the debate referred to how we can go on-line to make travel arrangements and that we can see a multiplicity of choices and options that would have been unimaginable just, say, 15 years ago.

This provides us with that kind of transparent, high-tech approach so that individuals, small businesses will be able to get the information they need, make the choice that's best for them, get access to health care, and do it in a way that is the most cost effective.

So for those reasons and many others, Madam President, I support this amendment and the underlying bill.

Thank you.

THE CHAIR:

Thank you, Senator.

Will you remark further? Will you remark further? Not.

And, Mr. Clerk, will you please announce a roll call vote, and 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 members voted? All members have voted? The machine will be locked.

And, Mr. Clerk, will you call the tally.

THE CLERK:

Motion is on adoption of Senate Amendment Schedule "A," LCO 7830.

Total number voting	36
Those voting Yea	23
Those voting Nay	13
Those absent and not voting	0

THE CHAIR:

Amendment has been adopted.

Will you remark further? Will you remark further?

If not, Mr. Clerk, will you call a roll call. We'll call a roll call and I will -- the machines will be open.

THE CLERK:

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

THE CHAIR:

All right. Have all members voted? Have all members voted? The machine will be closed; all right?

And the Clerk will call us the tally.

THE CLERK:

Motion is on passage of Senate Bill 921, as amended by Senate Amendment Schedule "A."

Total number voting	36
Those voting Yea	23
Those voting Nay	13
Those absent and not voting	0

THE CHAIR:

The bill has passed.

Mr. Clerk.

THE CLERK:

Calendar page 27, Calendar Number 45, File Number 15 and 801, substitute for Senate Bill 21, AN ACT CONCERNING HEALTH INSURANCE COVERAGE FOR ROUTINE PATIENT CARE COSTS FOR CERTAIN CLINICAL TRIAL PATIENTS; Favorable Report on the Committee on Insurance, and Appropriations.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Thank you, Madam President.