PA 11-058

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(The House reconvened at 2:28 o'clock p. m., Speaker Donovan in the Chair.)

SPEAKER DONOVAN:

Will the Clerk please call Calendar 282.

THE CLERK:

On page 39, Calendar 282, substitute for House Bill Number 6308, AN ACT ESTABLISHING THE CONNECTICUT HEALTHCARE PARTNERSHIP. Favorable report of the Committee on Government Administration and Elections.

SPEAKER DONOVAN:

Representative Bob Megna, you have the floor, sir.

REP. MEGNA (97th):

Thank you, Mr. Speaker. Mr. Speaker, good afternoon.

SPEAKER DONOVAN:

Good afternoon, sir.

REP. MEGNA (97th):

It's a good day today. Mr. Speaker, I move for acceptance of the joint committee's -- favorable report and passage of the bill.

SPEAKER DONOVAN:

Question is acceptance of the joint committee's

favorable report and passage of the bill. Will you remark?

REP. MEGNA (97th):

Yes, Mr. Speaker, the Clerk is in possession of an amendment, LCO 7576. I ask that it be called and I be permitted to summarize.

SPEAKER DONOVAN:

Will the Clerk please call LCO 7576, which will be designated House Amendment Schedule "A".

THE CLERK:

LCO Number 7576, House "A", offered by Representatives Megna, Ritter and Johnson, and Senators Crisco and Gerratana.

SPEAKER DONOVAN:

Representative seeks leave of the Chamber to summarize the amendment. Is there any objection? Hearing none, Representative Megna, you may proceed.

REP. MEGNA (97th):

Thank you, Mr. Speaker, and at one point I will ask the esteemed Chairperson of the Public Health Committee to summarize Sections 11 through 14 of this bill, Mr. Speaker.

SPEAKER DONOVAN:

Please proceed.

REP. MEGNA (97th):

Thank you, Mr. Speaker. Mr. Speaker, this is a comprehensive health care bill. Sections 1 through 8 compose a healthcare partnership or the -- or the pooling bill as it's commonly known. It's been before this Chamber on another occasion. Actually it passed both Chambers in the -- in the Legislature.

The healthcare partnership is essentially a common-sense approach -- to health care savings for all taxpayers of this state, both on a municipal and State level. It's a bill created by our esteemed Speaker of the House, that is --

SPEAKER DONOVAN:

Representative, I ask that you summarize the amendment at this point. You can remark later on the -- on the amendment, but please summarize the amendment.

REP. MEGNA (97th):

Okay, okay, I apologize. Okay, thank you, Mr. Speaker.

Mr. Speaker, Sections 1 through 8 is a pooling bill which would permit the Comptroller to open up the State health care pool to nonprofits receiving over 50 percent of their funding from the State as well as

municipal employees.

Sections 9 and 10 empower the Comptroller to collect data from health care carriers and hospitals and any entity delivering group health insurance to any group involved in health care in the Comptroller's office.

Sections 15 through 19 provides protections for doctors on preauthorizations, assures claims are properly and promptly paid, protecting patients and overall protects insurers, providers and patients.

Sections 20 through 36 is the Department of Insurance, what is known as the TPA bill, the third-party administrators on health care empowers the Department of Insurance to institute regulations on third-party administrators in the health care industry.

Sections 37 through 53 are conforming language to the federal Patient Protection and Affordable Care Act.

Sections 54 through 88 essentially brings the department's utilization review grievance and external appeals process of health carriers in conformance with the federal Patient Protection and Affordable Care Act, and Sections 89 through 90 is repealing language.

With that, I'd like to move adoption of the amendment.

SPEAKER DONOVAN:

Question before the Chamber is -- is on adoption. Will you remark further?

REP. MEGNA (97th):

Yes, Mr. Speaker, I would like to yield to the esteemed Chairperson, Representative Ritter of the Public Health Committee, to summarize several sections of the bill.

SPEAKER DONOVAN:

Again, Representative, we -- we don't do yields, but I will call on the Chair of the Public Health Committee, Representative Ritter.

REP. RITTER (1st):

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

SPEAKER DONOVAN:

Good afternoon, madam.

REP. RITTER (1st):

Mr. Speaker, I would like to speak to four sections of the amendment, and these are sections essentially that move towards more Connecticut-specific health care reform that we've talked about

many times in the past.

Section 11 provides planning for the State for a multi-payer database so that we can begin to get better information on both high-cost treatments as well as the potential for cost savings through the State plans.

Section 12 improves data collection at the Department of Public Health. That's data that comes into the office of -- excuse me -- Office of Health Care Access. This data will increase our ability to collect outpatient data as well as enable the Comptroller to have access to that data for analysis.

Section 13 established the Office of Health Care Reform and Innovation to be directed by the Special Advisor to the Governor. That office resides in the Lieutenant -- Governor's office and it will enable us to continue to -- at the Executive level, consultations with what will be established in Section 14, the SustiNet Health Cabinet, to work on developing mechanisms for providing better insurance access for individuals, for small businesses, nonprofits, municipalities and non-State employees.

There are a variety of other health care efforts assigned to the Office of Health Care Reform and

Innovation and the hope is that we will be able to coordinate our efforts on health care reform across all State agencies as we move towards the January 1, 2014 required requirements of the federal Health Care Act.

Finally, Section 14 establishes the SustiNet Health Care Cabinet to advise both the Governor and the Office on Health Care Reform and Innovation -- excuse me -- on developing what we hope will become a fully integrated health care system for the State of Connecticut with access for all individuals. That will include a business plan for expanding coverage through private or public mechanisms and the feasibility of implementing a basic health program for people in the 133 to 200 percent of federal poverty. Again, that would be by January 1, 2014 and in concurrence with the Affordable Care Act.

That cabinet may go on to do work to -- convene working groups on health system reforms, multi-payer initiatives, medical home and electronic medical records. Thank you, Mr. Speaker.

SPEAKER DONOVAN:

Thank you, Representative.

Would you care to remark further? Would you care

to remark further? Representative Megna.

REP. MEGNA (97th):

Yes, thank you, Mr. Speaker. Mr. Speaker, I just want to say to the Chambers we're proud that this piece of Legislation is in front of us. I'm very happy and confident that this partnership section, Section 1 through 8, is something that's really good for the municipalities of this state and I'm -- quite frankly, I'm honored to have to bring this bill out in front of you today, Mr. Speaker, and I look forward to -- to the debate on -- on all sections of this bill and look forward to passage of this bill ultimately. And with that, thank you, Mr. Speaker.

SPEAKER DONOVAN:

Thank you, Representative.

Would you care to remark further? Representative Perillo.

REP. PERILLO (113th):

Thank you very much, Mr. Speaker. If I could, a few questions through you to the proponent.

SPEAKER DONOVAN:

Please proceed, sir.

REP. PERILLO (113th):

Through you, Mr. Speaker. Sort of beginning in

order, and I'm -- let me just preface this by saying I'm going to do the best I can. This is a 150-page bill and I received it at about 10:00 o'clock this morning, so let me try and -- and do what I can here.

So if I could, beginning in line 5, through you, Mr. Speaker, there is a definition for a Health Care Cost Containment Committee and I understand that is in current statute now, but I would like to know exactly who is on that committee and who appoints it as well.

REP. MEGNA (97th):

Through you, Mr. Speaker. SEBAC management.

SPEAKER DONOVAN:

Representative Perillo.

REP. PERILLO (113th):

Thank you, Mr. Speaker. And just to clarify, so that is made up entirely of labor? Through you, sir.

SPEAKER DONOVAN:

Representative Megna.

REP. MEGNA (97th):

I believe so. Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Perillo.

REP. PERILLO (113th):

Thank you, Mr. Speaker. Just to clarify, is that

correct, that it is all labor? Through you.

SPEAKER DONOVAN:

Representative Megna.

REP. MEGNA (97th):

I apologize, Mr. Speaker. There's also representatives of OPM on that committee, Cost Containment.

SPEAKER DONOVAN:

Representative Perillo.

REP. PERILLO (113th):

Thank you, Mr. Speaker, and again, through you. What is the role of the Health Care Cost Containment Committee as it pertains to the bill before us?

SPEAKER DONOVAN:

Representative Megna.

REP. MEGNA (97th):

It's there to help ensure that this program is adequately -- administered, that the State health care pool is not put in any kind of jeopardy through this process. Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Perillo.

REP. PERILLO (113th):

Thank you, Mr. Speaker. If the gentleman could

please be a little bit more specific as to how it is going to ensure that costs don't get out of control. Just a little bit more specific information would be helpful, sir, thank you.

SPEAKER DONOVAN:

Representative Megna.

REP. MEGNA (97th):

Yes, through you, Mr. Speaker. Primarily through actuarial work.

SPEAKER DONOVAN:

Representative Perillo.

REP. PERILLO (113th):

Thank you, Mr. Speaker, through you. Could the gentleman clarify as to what role they would play in either developing or reviewing actuarial work?

SPEAKER DONOVAN:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker. What they would do is develop the plans.

SPEAKER DONOVAN:

Representative Perillo.

REP. PERILLO (113th):

Through you, Mr. Speaker. What plans?

SPEAKER DONOVAN:

Representative Megna.

REP. MEGNA (97th):

The various health care plans. Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Perillo.

REP. PERILLO (113th):

Through you, Mr. Speaker. I don't understand. Could the gentleman clarify?

SPEAKER DONOVAN:

Representative Megna, if you could possibly clarify for Representative Perillo.

REP. MEGNA (97th):

Actually -- through you, Mr. Speaker. Could you please rephrase that question, Representative?

SPEAKER DONOVAN:

Representative Perillo.

REP. PERILLO (113th):

Absolutely. Thank you, Mr. Speaker. I understand the Health Care Cost Containment Committee is to play a role in the control of health care costs as it pertains to the bill before us. My question is how exactly is it going to do that? The answer I

received was by developing plans and I am uncertain as to exactly what types of plans they would be generating and/or reviewing, so if the gentleman could clarify, that would be helpful.

SPEAKER DONOVAN:

Representative Megna.

REP. MEGNA (97th):

That would be the partnership planned options. Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Perillo.

REP. PERILLO (113th):

Thank you, Mr. Speaker, and I thank the gentleman for his answer. I'm reviewing lines 175 -- this is in Section 3 of the bill -- lines 175 and onward that refer in part to some of the role of Health Care Cost Containment Committee, and it references specifically actuarial standards, and these I believe are actual standards to be generated by whom? And they're eventually going to be approved, I imagine, by the committee, but I don't understand who's going to generate these actuarial standards. And I'm actually -- I apologize, I'm referencing lines 170 and 175.

SPEAKER DONOVAN:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker. It's the -- the Comptroller shall consult with health care actuaries who shall develop such standards to the Health Care Cost Containment Committee for its review, evaluation and approval prior to the use of the -- such standards. And that's on line 170 through 174. Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Perillo.

REP. PERILLO (113th):

Thank you, Mr. Speaker, and I thank the gentleman again for his answer. So as I understand it, the Comptroller is going to work in consultation with actuaries to generate actuarial standards and at that point they are going to be reviewed by the Health Care Cost Containment Committee, is that correct? Through you, sir.

SPEAKER DONOVAN:

Representative Megna.

REP. MEGNA (97th):

That is correct. Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Perillo.

REP. PERILLO (113th):

Thank you, sir, and just to clarify further. After reviewing that, the committee is then going to approve them? Through you, sir.

SPEAKER DONOVAN:

Representative Megna.

REP. MEGNA (97th):

It depends on the recommendations of the actuaries. Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Perillo.

REP. PERILLO (113th):

Thank you, Mr. Speaker, through you. Does the gentleman suspect that there might be recommendations from the actuaries that the actuaries don't recommend that we approve? Through you, sir.

SPEAKER DONOVAN:

Representative Megna.

REP. MEGNA (97th):

I would assume so. Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Perillo.

REP. PERILLO (113th):

So to clarify -- thank you, sir. We expect that in consultation with the Comptroller, the actuaries are going to prepare recommendations, present them to the Comptroller, and then not recommend that they be approved? I believe that's what the gentleman just said. I'd like to clarify.

SPEAKER DONOVAN:

Representative Megna.

REP. MEGNA (97th):

I believe so. Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Megna.

REP. MEGNA (97th):

I'm sorry. Through you, Mister -- could you please repeat that question?

SPEAKER DONOVAN:

Representative Perillo, if you could please repeat the question.

REP. PERILLO (113th):

Absolutely. Thank you, Mr. Speaker. What I believe the gentleman said was that it was possible that the actuaries, in collaboration with the Comptroller, would make recommendations as to actuarial standards, and the gentleman suspected that

perhaps the actuaries would not recommend the acceptance of the standards that they prepared. And I just want to clarify that because that seems strange to me.

SPEAKER DONOVAN:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker. That's not what I meant, no. That's not what I --

SPEAKER DONOVAN:

Representative Perillo.

REP. PERILLO (113th):

Thank you. Thank you, I appreciate that. So once those standards are presented to the committee, this Cost Containment Committee, they are then slated, according to the bill, to approve them. Is that correct? Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker. I believe so.

SPEAKER DONOVAN:

Representative Perillo.

REP. PERILLO (113th):

Thank you, Mr. Speaker, and again, through you. Who -- either individually or plurally -- who on the Health Care Cost Containment Committee is -- what's the best word to use? Who is qualified on that committee to evaluate actuarial standards? Through you, sir.

SPEAKER DONOVAN:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker. I don't know the actual -- each individual on this Cost Containment Committee.

SPEAKER DONOVAN:

Representative Perillo.

REP. PERILLO (113th):

Thank you, Mr. Speaker. And the reason why I ask that is that the devil is really in the details on the partnership as proposed before us. This is a -- as we know -- a self-funded plan. Currently the State of Connecticut's insurance is self-funded. The actuarial numbers at the end of the day determine whether or not the State loses money or makes money. It drives the premiums. So I'm wondering, given that it doesn't seem that actuarial standards will come before this

Legislature, that they will be -- they will come before the Health Care Cost Containment Committee. I'm wondering if there's anyone able to determine on that committee whether or not those standards we adopt would be appropriate, whether or not those standards would cost the State money, whether or not those standards would make the State money, whether or not those standards would lead to premiums that were too high, whether or not they would lead to premiums too low. . So again, is there anybody on this committee who is able to do that? Through you, sir.

SPEAKER DONOVAN:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker. I do believe so, but I don't know the individuals that are on this committee.

SPEAKER DONOVAN:

Representative Perillo.

REP. PERILLO (113th):

Thank you, Mr. Speaker, and again, through you. Is it the intent of this Legislation -- is the intent -- perhaps we can't speak to the administration, but I would imagine that perhaps the goal is to have someone or people on this committee who are able to make that

determination. Is that the goal of this? Through you, sir.

SPEAKER DONOVAN:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker. Yes.

SPEAKER DONOVAN:

Representative Perillo.

REP. PERILLO (113th):

Thank you, Mr. Speaker. And just -- but -- but to clarify, we don't know if there is anyone there doing that now.

SPEAKER DONOVAN:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker. Actually we -- we do know. Yes, there is.

SPEAKER DONOVAN:

Representative Perillo.

REP. PERILLO (113th):

Thank you, Mr. Speaker and through you. What specific expertise would that individual or individuals have?

SPEAKER DONOVAN:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker. Actuarial.

SPEAKER DONOVAN:

Representative Perillo.

REP. PERILLO (113th):

Thank you, Mr. Speaker. They are licensed actuaries with the proper degrees and such?

SPEAKER DONOVAN:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker. Yes.

SPEAKER DONOVAN:

Representative Perillo.

REP. PERILLO (113th):

Excellent. Thank you very much. Now is the expectation, given the sensitivity of these numbers and the fact that a one-percent error in terms of expectations regarding utilization could cost the State upwards of $80 million -- again these numbers are very, very sensitive. Is there an expectation at the end of the day the Legislature would have to approve those standards? Through you, sir.

SPEAKER DONOVAN:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker. No.

SPEAKER DONOVAN:

Representative Perillo.

REP. PERILLO (113th):

Thank you, Mr. Speaker. And just to clarify, are any of the individuals on the Health Care Cost -- my understanding is that none of the individuals on the Health Care Cost Containment Committee are elected by the residents of the state of Connecticut. Is that correct?

SPEAKER DONOVAN:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker. Yes, that's correct.

SPEAKER DONOVAN:

Representative Perillo.

REP. PERILLO (113th):

Okay, so -- so we're leaving in the hands of -- individuals not accountable to the residents of the state of Connecticut what could become the State's highest expenditure whereby if only the slightest error in terms of the actuarial standards were to

occur the State could experience significant unexpected cost overruns and therefore run the risk of having to generate revenue in some way, shape, or form which could be taxes. So I guess that's concerning. Is -- is -- what is the mechanism envisioned that the committee would be accountable -- well, let me rephrase.

Who -- to whom would the committee be accountable? Through you, sir.

SPEAKER DONOVAN:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker. I wanted to point out that OPM is part of that committee, and OPM does have an obligation to the state of -- the people of the state of Connecticut. Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Perillo.

REP. PERILLO (113th):

Thank you, Mr. Speaker. And I'll accept that as a -- as a fair answer and I appreciate the gentleman taking the time to -- to handle that for me.

If I could go back though to some earlier language, specifically in Section 2 as I'm looking at,

you know, the beginning of that, lines 31 through 34 or so. It references a partnership plan and that is essentially what we're discussing here is the creation of a partnership plan and/or partnership plans. Could the gentleman explain to me exactly what that is?

SPEAKER DONOVAN:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker. Yes, these are partnership plans that are going to be developed and permit nonprofit employees and municipalities possibly to -- to enter into. Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Perillo.

REP. PERILLO (113th):

Thank you, Mr. Speaker, and through you again. Is the expectation that there would be multiple partnership plans or just one partnership plan?

SPEAKER DONOVAN:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker. Possibly multiple.

SPEAKER DONOVAN:

Representative Perillo.

REP. PERILLO (113th):

Thank you, Mr. Speaker, and again, through you. What would be the benefit of creating multiple partnership plans? Why would we intend to do that?

SPEAKER DONOVAN:

Representative Megna.

REP. MEGNA (97th):

I believe they're going to develop one plan now, but in the future there's a possibility of a -- developing more than one plan.

SPEAKER DONOVAN:

Representative Perillo.

REP. PERILLO (113th):

Thank you, Mr. Speaker. Is the intention of perhaps creating multiple plans that we would have separate pools? Or is the intention that we would, you know, include all of the sets of employers, be they governmental or otherwise, in one single pool? Through you, sir.

SPEAKER DONOVAN:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker. It's more so for flexibility.

SPEAKER DONOVAN:

Representative Perillo.

REP. PERILLO (113th):

Thank you, Mr. Speaker. Flexibility as to what? Through you.

SPEAKER DONOVAN:

Representative Megna.

REP. MEGNA (97th):

As to types of plans offered to individuals. Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Perillo.

REP. PERILLO (113th):

Thank you, Mr. Speaker, and I thank the gentleman for that answer. So just to clarify, the expectation is that we would offer different insurance products in different partnership plans? Is that correct?

SPEAKER DONOVAN:

Representative Megna.

REP. MEGNA (97th):

Could you please repeat the question? Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Perillo.

REP. PERILLO (113th):

Gladly. Thank you, Mr. Speaker, and again, through you. The expectation then as I understand it is that we would offer different insurance products in each individual partnership plan. Is that correct?

SPEAKER DONOVAN:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker. Yes.

SPEAKER DONOVAN:

Representative Perillo.

REP. PERILLO (113th):

Thank you, Mr. Speaker, and again, I thank the gentleman for the answer to the question. And as I understand, these could be fully-insured plans or plans that put the State at risk. Is that a correct assessment? Through you, sir.

SPEAKER DONOVAN:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker. These will be self-insured plans.

SPEAKER DONOVAN:

Representative Perillo.

REP. PERILLO (113th):

Okay, thank you. I just want to clarify because that appears to be in conflict with line 35 of the bill which reads such plan or plans may be offered on a fully-insured or risk-pooled basis. So if the gentleman could clarify whether what he stated is correct or whether what's in the bill is correct. Through you, sir.

REP. MEGNA (97th):

I'm sorry --

SPEAKER DONOVAN:

Representative Megna.

REP. MEGNA (97th):

-- through you -- through you, Mr. Speaker. Could you please repeat that last question?

SPEAKER DONOVAN:

Representative Perillo.

REP. PERILLO (113th):

Absolutely. Thank you, Mr. Speaker. I believe what I heard the gentleman say was that these plans would be at risk, but as I read the Legislation, specifically as to line 35, it references that the plan or plans may be offered on a fully-insured or risk-pooled basis. So I just want to clarify whether

the language in the bill is correct or whether the gentleman is correct.

SPEAKER DONOVAN:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker. I apologize. You're correct.

SPEAKER DONOVAN:

Representative Perillo.

REP. PERILLO (113th):

Thank you, Mr. Speaker, and again, through you. As I read the Legislation before us, it states that the determination as to whether or not we would be fully-insured or at risk is made by the Comptroller. Is there any concern that putting such a weighty decision in the hands of one individual could expose the State to significant liability? Through you, sir.

SPEAKER DONOVAN:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker. No.

SPEAKER DONOVAN:

Representative Perillo.

REP. PERILLO (113th):

Thank you, Mr. Speaker. And to clarify, so obviously -- a fully-insured plan simply means that we pay premiums and the insurance company, you know, pays for them and the insurance company bears the full risk of whether or not utilization is higher than expected and the actuarial numbers have been blown out of the water. An at-risk plan, a risk pool, would essentially put the State at risk and would require that the State be responsible for any cost overruns. So we are not concerned at all that that decision be rested in the hands of one individual? No concern at all? And if -- if not then who would assist the Comptroller in making that decision? And thirdly -- I'll make it sort of a third question, would there be any responsibility to bring that determination by the Comptroller back to the Legislature for a final review and approval?

SPEAKER DONOVAN:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker. Most of the decisions that are made by the Comptroller will be based on actuarial studies and -- and standards. Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Perillo.

REP. PERILLO (113th):

Thank you, Mr. Speaker. I ask the question because specifically I recall in the past that the Legislator has voted to change the State employees insurance plan to risk-based and that was something that was very important. It's a significant liability that we took on as a State and the Legislature did vote to do that. And what we're saying here is that perhaps that would not be the case anymore that one individual, the Comptroller, would make that determination and the determination would not come back to this Legislature. Is that correct?

SPEAKER DONOVAN:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker. There are many protections throughout this bill. The fluctuating reserve fee, SEBAC and OPM signing off, as well as recommendations from a committee established in the -- in the bill. Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Perillo.

REP. PERILLO (113th):

Thank you, Mr. Speaker. And I ask the question because I don't understand why we've taken a departure from what we've done in the past. We are putting in the hands of -- well, one individual who's elected and a whole bunch of people who aren't, the possibility of -- of exposing the State to significant financial liability and that's not going to come back before the Legislature where in the past the Legislature has made that determination. That decision has rested in the hands of this body and the Senate upstairs, yet we're not doing that now? I'm curious as to why that decision was made. Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker. Could you please repeat that question?

SPEAKER DONOVAN:

Representative Perillo, sorry.

REP. PERILLO (113th):

Thank you, through you, Mr. Speaker. I'll shorten it. In the past the Legislature has determined whether or not we would put taxpayer

dollars at risk, and now we're saying that we're not going to do that, we are going to leave it up to one individual. Why are we changing that playbook? Through you.

SPEAKER DONOVAN:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker. This -- these entire H sections with -- involved health care partnership, we believe do not -- neither do the stakeholders that put this together, put the State at -- at -- the State plan at risk. There are many safeguards in this process. They're using actuarial standards. The Comptroller has a vast history of working in the health care industry, and we -- working with health care, and the Comptroller currently administers a massive health care plan, and we believe that the -- this is a safe place for us to go here in the Legislature. Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Perillo.

REP. PERILLO (113th):

Thank you, Mr. Speaker, and I thank the gentleman for that answer to my question. If I could move on

specifically to line 51 and the lines that follow. It states that the Comptroller shall develop procedures by which -- and it lists a number of different things. I'm wondering, through you, Mr. Speaker, who will be responsible for approving or disapproving those procedures?

SPEAKER DONOVAN:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker. That will be the Health Containment Committee with recommendations from the actuaries.

SPEAKER DONOVAN:

Representative Perillo.

REP. PERILLO (113th):

Thank you, Mr. Speaker, and I thank the gentleman for his answer. If the gentleman, just in the interest of clarifying, could point out to me in the bill where that is.

SPEAKER DONOVAN:

Representative Megna.

REP. MEGNA (97th):

Going back through Section 1 and then other sections of the bill, they constantly reference the

actuarial standards. If the gentleman would like, I could pick out each individual section of the bill. Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Perillo.

REP. PERILLO (113th):

Thank you, Mr. Speaker. Oh, I'm very familiar with where there's -- approval required for actuarial standards. That is not what I'm referring to in line 51. I'm referring specifically to procedures to be developed by the Comptroller in terms of allowing individuals, employers rather, to apply for coverage, et cetera.

Those are different than what is referred to in the actuarial standards. The gentleman indicated that the committee, the Health Care Cost Containment Committee, would approve those procedures, yet I do not see it in the bill. I just want to make sure we're all on the same page here.

SPEAKER DONOVAN:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker. Could you just repeat that question regarding line 51? You're -- I'm not

quite clear on what the question is. Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Perillo, if you could repeat the question.

REP. PERILLO (113th):

Absolutely, Mr. Speaker. Thank you very much. Line 51 states --

REP. MEGNA (97th):

Yes.

REP. PERILLO (113th):

-- that the Comptroller shall develop procedures by which -- and then a number of different things are listed, specifically for the most part as to enrollment and things of that nature. I asked the question previously as to whether or not someone would be, or some group would be, responsible for approving those procedures. The gentleman indicated to me that that would be consistent with what is required in terms of the approval by the committee of actuarial standards, but I do not believe that is the case. So I am wondering where in the bill approval is required for these procedures to be developed by the Comptroller. Through you, sir.

SPEAKER DONOVAN:

Representative Megna.

REP. MEGNA (97th):

Through you -- through you, Mr. Speaker. I believe, in consultation with the Health Care Cost Containment Committee, those procedures will be developed.

SPEAKER DONOVAN:

Representative Perillo.

REP. PERILLO (113th):

Thank you, Mr. Speaker. I don't -- I don't see that in the bill, but I'll take the gentleman's word for it that it's in there somewhere.

If we could move on to line 66 and 67. It refers -- it states specifically that the Comptroller may collect payments and fees for unreported claims and expenses. Could the gentleman tell me what that is?

SPEAKER DONOVAN:

Representative Megna.

REP. MEGNA (97th):

I'm sorry, Mr. Speaker. Could you please repeat that last question?

SPEAKER DONOVAN:

Representative Perillo.

REP. PERILLO (113th):

Absolutely, Mr. Speaker. I am referring very, very specifically to lines 66 and 67. It states that the Comptroller may collect payments and fees for unreported claims and expenses. My question to the gentleman is what are unreported claims and expenses. Through you, sir.

SPEAKER DONOVAN:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker. Those are incurred claims and expenses just not reported.

SPEAKER DONOVAN:

Representative Perillo.

REP. PERILLO (113th):

Thank you, Mr. Speaker. So -- those are incurred but not reported, generally referred to as IBNR. So the Comptroller may collect payments for those? In a typical insurance environment, you know, those would be covered in the premiums and there would be a natural tail in the payment of those, so I just don't understand. Are these payments to be collected in addition to the premiums in order to cover the tail, or is this simply to reference that premiums would

indeed cover the tail? I don't understand why there would be additional payments. I don't even understand if they are additional payments. If the gentleman could please clarify.

SPEAKER DONOVAN:

Representative Megna.

REP. MEGNA (97th):

I believe that's to just empower the Comptroller to collect claims and expenses. Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Perillo.

REP. PERILLO (113th):

Thank you, Mr. Speaker. Who would be calculating, through you, Mr. Speaker, what the proper number in collections would be for under -- unreported claims and expenses?

SPEAKER DONOVAN:

(Inaudible). Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker. Actuaries.

SPEAKER DONOVAN:

Representative Perillo.

REP. PERILLO (113th):

Thank you, Mr. Speaker. These would be actuaries that are consulting to the State of Connecticut that are on retainer in some way, shape or form. Is that correct?

SPEAKER DONOVAN:

Representative Megna.

REP. MEGNA (97th):

That's correct. Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Perillo.

REP. PERILLO (113th):

Thank you, Mr. Speaker, and again, through you. Were the costs of those actuaries considered on the budget that we voted on recently?

SPEAKER DONOVAN:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker, I think they're currently there now and on contract with the Comptroller's office.

SPEAKER DONOVAN:

Representative Perillo.

REP. PERILLO (113th):

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

gentleman for his question. If I could refer to lines 76 through 79, it's Sub D. It refers to the ability of the Comptroller to -- the freedom of the Comptroller not to accept all applicants, all prospective members. I'm wondering how that is to be determined. Is there a specific guideline by which the Comptroller is going to make that determination? Is there -- are the actuaries going to assist with that process? Is that going to get done in a vacuum? If the gentleman could just help me out. Thank you, Mr. Speaker, through you.

SPEAKER DONOVAN:

Representative Megna.

REP. MEGNA (97th):

This -- through you, Mr. Speaker. This is a determination that they -- they'll make in the Comptroller's office.

SPEAKER DONOVAN:

Representative Perillo.

REP. PERILLO (113th):

Thank you, Mr. Speaker. I -- I understand that it is a -- determination to be made by the Comptroller's office. I'm wondering if there are any guidelines to be set as to how the Comptroller would

make that determination. Without some sort of guideline, it could be perceived by applicants who aren't accepted that there's some sort of bias. I would imagine that we would need to have some sort of standard set. So A, is there going to be a standard set? And B, if so, who is going to set it? Through you, sir.

SPEAKER DONOVAN:

Representative Megna.

REP. MEGNA (97th):

I believe -- through you, Mr. Speaker -- the Comptroller will take care of that.

SPEAKER DONOVAN:

Representative Perillo.

REP. PERILLO (113th):

Thank you, Mr. Speaker. I know the gentleman understands that who we let in and who we don't let in is going to impact, you know, is going to impact costs because of the actuarial components of risks that go along with it, so it's good to hear, I suppose, that the Comptroller is actually going to set up standards as to how to do that.

I -- I would have hoped that perhaps there would be some sort of review of those standards to be set

up. Whether or not that's going to happen, I don't know, but let's move on if I could to Sub E which begins with line 80. And specifically -- I'll actually go to line 82 -- it refers to applications for coverage, and specifically 82 talks about applications require that an employer disclose whether that employer will offer any other health care benefit plan to the employees. If the gentleman could tell me why that information needs to be offered. Through you, sir.

SPEAKER DONOVAN:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker. That's to prevent adverse selection.

SPEAKER DONOVAN:

Representative Perillo.

REP. PERILLO (113th):

Thank you, Mr. Speaker. And if the gentleman could explain how it is intended to do that.

SPEAKER DONOVAN:

Representative Megna.

REP. MEGNA (97th):

Which -- through you, Mr. Speaker. Which lines

are you specifically referring to?

SPEAKER DONOVAN:

Representative Perillo.

REP. PERILLO (113th):

Absolutely. Thank you, Mr. Speaker. I'm referring to Sub E and more specifically lines 82 through 84 which refer to employers disclosing whether or not they are going to offer other health benefits to their employees.

SPEAKER DONOVAN:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker. That will be part of this application process. Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Perillo.

REP. PERILLO (113th):

Through you, Mr. Speaker. And yes, I understand that it will be part of the application process and the gentleman told me that it's being included to address the possibility of adverse selection. My follow-up question to that was how it is expected that that disclosure will help us address the risk of adverse selection. Through you, sir.

SPEAKER DONOVAN:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker. It will disclose whether some employees, or high-risk employees are going to be -- are going to fill out applications to come into the pool. Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Perillo.

REP. PERILLO (113th):

Thank you, Mr. Speaker. And before I move on, I just want one further clarification on that. The language specifically says offer any other health care benefit plans. Does that include disclosure for things like major medical coverage, disclosure for things like dental coverage, vision, separate insurances beyond sort of a standard health plan? Through you, sir.

SPEAKER DONOVAN:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker. Yes.

SPEAKER DONOVAN:

Representative Perillo.

REP. PERILLO (113th):

Thank you, Mr. Speaker, and again I thank the gentleman for his answer to the question. I would like to if we could move ahead a few pages in the bill, specifically to lines 142 and onward, that start to refer to actuarial analysis. Specifically I believe the bill requires that if an employer is withholding certain employees, or I should say only placing or only wishing to place a certain percentage or certain number of employees into the partnership, that there would be some kind of requirement that the Comptroller refer that request off to an actuary.

Could the gentleman please explain to me what the mechanism would be and what the actuaries would have in terms of data to make an educated recommendation as to whether or not those individuals admitted into the partnership would have a negative impact on risk?

SPEAKER DONOVAN:

Representative Megna.

REP. MEGNA (97th):

I apologize, Mr. Speaker. Could you repeat that question one more time, Representative Perillo?

SPEAKER DONOVAN:

Representative Perillo, please repeat the

question.

REP. PERILLO (113th):

Glad to, Mr. Speaker. Thank you. Specifically what this section of the bill does, as I understand it, is it separates employers who wish to -- place all of their employees into a partnership and those who wish not to do that. And this I think specifically addresses those employers who wish only to place a portion of their employees into the partnership.

And my question is what information do we expect the actuaries to have in order to determine whether or not the -- employer ceding the members would have a negative impact on the State's risk. What information are they going to have? What data? Sir, through you.

SPEAKER DONOVAN:

Representative Megna.

REP. MEGNA (97th):

They're -- through you, Mr. Speaker. They're looking to see if they're high-risk employees.

SPEAKER DONOVAN:

Representative Perillo.

REP. PERILLO (113th):

Thank you, Mr. Speaker. I understand that they would of course be looking for high-risk employees and

whether or not a company is wishing to place only a certain portion of its employees, those being high-risk, into the partnership. I understand that. In order to make that determination, actuaries must have some sort of historical experience data as to whether or not there had been a -- an excessive number of claims for that population being placed into the partnership versus the rest of the population that will have not. So my question again is what sort of data will the actuaries have available to them in order to make that determination.

SPEAKER DONOVAN:

Representative Megna.

REP. MEGNA (97th):

It would be utilization data included in the application. Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Perillo.

REP. PERILLO (113th):

Thank you, Mr. Speaker. So the application then will require the submission of utilization data. Would that be, through you, Mr. Speaker, utilization data in the aggregate that is de-identified, or specifically that is identified to -- to specific

employees?

SPEAKER DONOVAN:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker. I believe that's up to the Comptroller to decide.

SPEAKER DONOVAN:

Representative Perillo.

REP. PERILLO (113th):

So to clarify, the Comptroller is going to make a determination as to whether or not an employer applying to the partnership will have to disclose the individual personal health history of its employees, and that decision, again, will be made by the Comptroller and not this Legislature? Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker. No, that would be the de-identified aggregate data. Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Perillo.

REP. PERILLO (113th):

Thank you, Mr. Speaker. So to clarify, the actuaries are supposed to make a determination as to whether or not a specific population of employees being handed off to the partnership is going to be higher risk than the -- employees remaining with the employer's insurance. How then is aggregated, de-identified data going to help the actuaries make that determination? I would imagine that perhaps in order to make an informed decision as to whether or not they were a negative impact on risk, the actuaries would need actual de-identified -- I'm sorry, I'm sorry -- actual identified personal information about each individual employee in order to make that determination. Am I wrong in making that assumption? And if so, why? Through you, sir.

SPEAKER DONOVAN:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker. I believe it would be claims data. Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Perillo.

REP. PERILLO (113th):

Thank you, Mr. Speaker. Do all employers have access to claims data? And in fact, I'm not -- maybe the gentleman can clarify. I wasn't 100 percent sure it was legal for employers to have individual claims data for their employees. Could the gentleman clarify?

SPEAKER DONOVAN:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker. It is legal.

SPEAKER DONOVAN:

Representative Perillo.

REP. PERILLO (113th):

Thank you, Mr. Speaker. So if I'm an employee and I have a communicable disease, my employer is able to know that?

SPEAKER DONOVAN:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker. The -- the data would be an aggregate.

SPEAKER DONOVAN:

Representative Perillo.

REP. PERILLO (113th):

Thank you, Mr. Speaker. Which brings me back to my earlier question, if actuaries are going to judge the risk associated with a certain population of the employee set, and we are giving them aggregated data that is de-identified, how are the actuaries going to be able to determine whether that subset of employees being given off to the partnership increases the risk or does not? Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Megna.

REP. MEGNA (97th):

The current insurer should be able to carve out that particular data through the bargaining unit. Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Perillo.

REP. PERILLO (113th):

I -- I'm sorry. Forgive my ignorance. I do not know what that means. If the gentleman could please clarify.

(Deputy Speaker Altobello in the Chair.)

DEPUTY SPEAKER ALTOBELLO:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker. Carriers are actually required to report its data on the pool. Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Perillo.

REP. PERILLO (113th):

Perillo, thank you. So to clarify, the insurers are required to present and report what you just said, I believe, sir, is data on the pool. The pool I suppose would be defined as the entire pool. Is the insurer required to provide a subset of that pool, specifically the subset of employees that is being ceded off to the partnership? Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker. Could you once again repeat that last question?

DEPUTY SPEAKER ALTOBELLO:

Representative Perillo.

REP. PERILLO (113th):

Gladly, Mr. Speaker, thank you. The gentleman mentioned that health insurers are required to provide data as to claims experience from the pool of employees. In these instances of which we're speaking, we're talking about an employer ceding only a portion over to the health care -- to -- to one of the partnerships. So my question is are those insurance companies required to hand off only a portion of that pool of data. And if the gentleman could just -- then clarify whether or not that is disaggregated individual identifiable data or aggregate data because I'm still unclear as to what that would be. Thank you, sir.

DEPUTY SPEAKER ALTOBELLO:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker. They are able to use different subsets of employees depending on jobs, et cetera, and in the aggregate of that subset they would be able to provide -- provide this data, the identified data in the aggregate of that subset. Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Perillo.

REP. PERILLO (113th):

Thank you, Mr. Speaker. So as I understand it, if I am a nonprofit employee -- employer rather -- and I have 20 employees and I wish to hand off only 10 of them to the State, the insurance company will be able to pick and choose which 10 individuals I have chosen and then provide that historical claims data to the actuaries who are going to make the determination as to risk?

Because that 10 individuals that I as an employer wish to hand over to the partnership may not necessarily be in a subset of employees. I can imagine in a municipal government whereby, you know, there are -- there's a lot of employees and perhaps you're going to give over your firefighters but not your city hall workers, or your public works folks but not your library folks, perhaps there's an ability to drill into a subset.

But if you're in a nonprofit and you only have 20 employees and you wish to cede only 10 of them, how would an insurance company be able to drill down into that data? And quite frankly, how would the insurance company know which 10 employees the employer -- wished to cede over? Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker. I believe they would look at all 20 employees I think in that hypothetical that you just -- you just gave me. Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Perillo.

REP. PERILLO (113th):

Thank you, Mr. Speaker. I'm sorry, I don't -- I don't understand how that would help the actuaries make a determination as to risk. If the gentleman could clarify.

DEPUTY SPEAKER ALTOBELLO:

Representative Megna, would you care to attempt to clarify?

REP. MEGNA (97th):

I think that is the process and I'm not quite sure on actuarial standards, et cetera, Mr. Speaker. But I believe that would be the process to -- on lines 170 through 171 it actually sets forth that the actuarial standards to assess the shift in medical risks of an employers/employees partnership plan, the

Comptroller shall present such standards to the Health Care Advisory Board. Actually, Mr. Speaker, I apologize. Could you once again repeat that question?

DEPUTY SPEAKER ALTOBELLO:

Representative Perillo, would you care to repeat your question?

REP. PERILLO (113th):

Gladly, Mr. Speaker, thank you. The gentleman stated that -- previously stated that it is expected that employers will have multiple subsets of employees and that an insurer will be able to pull certain subsets of employees in order to determine whether or not that historical claims data for that subset would lead to a negative impact on the State's risk were it to accept those patients -- those members. And I'm -- you know, those would be instances where a municipality has a fire department and library folks and they wish only to give the fire department off but not the library folks.

My specific question is as to smaller nonprofits, because we are indeed lumping nonprofits into this. With smaller nonprofits -- may not have different subsets. They may, as I said before, only have 20 employees. How would the insurance company, A -- A,

how would the insurance company generate that specific data without making it individually identifiable? B, how would they know the individuals in the first place to pull for the actuaries? And C, is that even required at all? Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker. I don't quite know the answers to those -- that ABC question that the Representative gave me, but the Comptroller with an actuarial will develop standards and that's what this bill permits him to do so.

DEPUTY SPEAKER ALTOBELLO:

Representative Perillo.

REP. PERILLO (113th):

Thank you, Mr. Speaker. And I understand the value for standards, but with numbers that we're talking about in terms of generating actuarial, you know, garbage in/garbage out.

So if we don't have the real data required, if we don't have the specific employees required in order to make an actuarial determination as to whether or not there would be an increase in risk, the actuaries have

nothing to work with. They would -- they would simply be guessing because they don't have the data for the individuals that the employer wished to send over to the partnership.

So again I will ask how are the actuaries going to get real historical data in order to determine whether or not accepting or not accepting these employees will have a negative impact on the State's risk. Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Megna.

REP. MEGNA (97th):

Thank you, Mr. Speaker, through you. The bill actually requires the insurer to report that de-identified data to the Comptroller's office. Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Perillo.

REP. PERILLO (113th):

Thank you, Mr. Speaker. To clarify, so -- and I -- I have seen in the bill that the insurer is required to provide that de-identified data and it doesn't help me out given that we are talking about a certain subset of employees, specific employee names

as I had mentioned before.

The employer has 20 employees, they wish to cede 10 of them over to the partnership, de-identified data is not going to help the actuaries make a determination as to whether or not risk will be enhanced at the State level. So despite the fact that the insurance companies must, according to the Legislation before us, must hand over de-identified data, it still -- the questions still remains what can the actuaries use, what data can be presented to them? What data will be presented to them in order for them to determine whether or not there will be a negative impact on risk? Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker. It's up to the actuaries and the Comptroller to develop that process, to develop that procedure. Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Perillo.

REP. PERILLO (113th):

Thank you, Mr. Speaker. So just to follow up on that point, so the actuaries that we've hired together

with the Comptroller are going to get in a room and they're going to figure out whether or not employees, employers, need to hand off specific claims history including medications that patients, that employees are on, including what illnesses they have? The Comptroller and the actuaries are going to determine whether or not employers need to hand that data off. Is that correct? Because I believe what's what the gentleman just said. Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker. They will develop an appropriate mechanism to evaluate those employees. Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Perillo.

REP. PERILLO (113th):

Thank you, Mr. Speaker. Okay, they will develop an appropriate mechanism, and I suppose if that mechanism includes that we hand over to actuaries on contract to the State of Connecticut whether or not such and such an employee has a communicable disease, so be it. But we're not going to make that decision,

the actuaries and the Comptroller are.

So let's move on, if we could, to Sub C here, it's lines 155 and onward. Actually, no, before I do that, I apologize. I'd like to stay in the area where we are. Specifically line 144 refers to what the Comptroller must determine and what the actuaries must recommend. And it -- refers specifically to whether or not the application from an employer will result in a -- shift of a significant part of such employers' -- of such employees' medical risk to the partnership plan, specifically whether or not the employer will shift a significant percentage or number of its risk over to the State, whether we accept them or we don't.

So my question is do we have any sort of sense as to what a definition of "significant" would be in this case? Does significant mean that the employer is shifting 10 percent of its cost or -- disproportion of two to one? What is significant? Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker. I would assume it would be something that would cause fiscal harm to the

State.

DEPUTY SPEAKER ALTOBELLO:

Representative Perillo.

REP. PERILLO (113th):

Thank you, Mr. Speaker. So given that definition, if an employer wished to transfer one of its employees but that employee had claims experience that was higher than the average pooled claims experience of all individuals in the partnership, that would preclude the Comptroller from admitting that one employee into the partnership? Because indeed that one employee, however small, would have a negative impact on the fiscal position of the State of Connecticut. Is my understanding correct? Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker. It would -- it would be under the discretion of the Comptroller.

DEPUTY SPEAKER ALTOBELLO:

Representative Perillo.

REP. PERILLO (113th):

Thank you, Mr. Speaker. So with that, we're

again in a situation whereby we have employers who wish only to cede a certain number of individuals, not all of them but some of them, into the partnership. I would imagine that municipalities -- we'll call municipalities the employers in this case -- municipalities would probably want to cede over only their more expensive, their higher-risk employees. And I would imagine, as has been described to me, in that instance perhaps the actuaries and the Comptroller would believe that that was a bad idea, that it had a negative fiscal impact on the State of Connecticut.

So my question is this. Does that create a scenario whereby the State of Connecticut is cherry-picking only those employees who have an experience that is beneficial to the financial state of the State of Connecticut such that municipalities and nonprofits are left only with their higher-cost, higher-risk members and thereby we could actually be putting a burden on municipalities by virtue of our cherry-picking? Is that a possibility and has it been considered? Through you, sir.

REP. MEGNA (97th):

Through you, Mr. Speaker. No. I apologize, Mr.

Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Megna, thank you very much.

Representative Perillo.

REP. PERILLO (113th):

I'm sorry, Mr. Speaker. I missed the gentleman's answer. Could he repeat?

DEPUTY SPEAKER ALTOBELLO:

Representative Megna, Representative Perillo missed your entire answer. Would you kindly repeat it?

REP. MEGNA (97th):

I believe my answer was no. Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Perillo.

REP. PERILLO (113th):

Thank you. I appreciate that. Moving on a bit because I don't want to belabor this point any more than we've already belabored it. If the gentleman could please -- hold on. If the gentleman could please bear with me one second.

In Section 5 -- I just want to make sure I found the right citation for the gentleman. Section 5 which

begins on or about line 241 -- forgive me, I'm working off a working draft, not the final copy. It refers to a partnership plan premium account. Could the gentleman give me some sense as to how that account will be filled and how that account will be depleted? Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Megna.

REP. MEGNA (97th):

Thank you, Mr. Speaker. Through you, it would be premiums and fees to the (inaudible) and I imagine claims would empty it. Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Perillo.

REP. PERILLO (113th):

Thank you, Mr. Speaker. Is it expected, through you, sir, that the partnership premium account would consist only of premiums that come in from those non-State governmental agencies and those nonprofits?

DEPUTY SPEAKER ALTOBELLO:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker. Absolutely.

DEPUTY SPEAKER ALTOBELLO:

Representative Perillo.

REP. PERILLO (113th):

Thank you, Mr. Speaker. So in effect we are not actually creating a larger pool of funds, we are creating a separate pool of funds with what could conceivably be a limited -- well, which will definitely be a limited number of participants, so we're not actually merging this into the State funds, we are keeping it separate. Through you, sir.

DEPUTY SPEAKER ALTOBELLO:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker. That is true.

DEPUTY SPEAKER ALTOBELLO:

Representative Perillo.

REP. PERILLO (113th):

Thank you, Mr. Speaker. That leads me to my next question. Whenever experience exceeds premiums received there is obviously a shortfall. One of the benefits of having a larger pool of participants is that if experience exceeds premiums and one end, perhaps on another end those premiums can be covered, those expenses can be covered.

So we are not doing that though. We're not

making a larger pool. We're actually creating two separate pools so I believe that would increase the possibility, increase the risk that expenditures under the partnership plan premium account could actually outpace premiums received. If that were to happen, if our expenditures were to outpace the premiums we brought in, what would the State do in order to make that work? Through you, sir.

DEPUTY SPEAKER ALTOBELLO:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker. There would be a fluctuating reserve account.

DEPUTY SPEAKER ALTOBELLO:

Representative Perillo.

REP. PERILLO (113th):

Thank you, Mr. Speaker. And where would that fluctuating reserve account be placed? Through you.

DEPUTY SPEAKER ALTOBELLO:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker. That would be in the same account, the partnership plan premium account.

DEPUTY SPEAKER ALTOBELLO:

Representative Perillo.

REP. PERILLO (113th):

Thank you, Mr. Speaker. So to clarify, is the expectation that the State of Connecticut is going to charge a premium for the expected expenses, and then on top of that, charge a fee for additional reserves? Through you, sir.

DEPUTY SPEAKER ALTOBELLO:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker. Yes, as needed.

DEPUTY SPEAKER ALTOBELLO:

Representative Perillo.

REP. PERILLO (113th):

Thank you, Mr. Speaker. So the expectation is that we're going to charge participants more than the actual cost of the health care they will receive? Through you.

DEPUTY SPEAKER ALTOBELLO:

Representative Megna.

REP. MEGNA (97th):

Yes, Mr. Speaker, through you.

DEPUTY SPEAKER ALTOBELLO:

Representative Perillo.

REP. PERILLO (113th):

Through you, Mr. Speaker. Why would anyone want to pay more for their insurance coverage than they're actually getting back?

DEPUTY SPEAKER ALTOBELLO:

Representative Megna.

REP. MEGNA (97th):

Thank you, Mr. Speaker. Through the power of the pool there will be administrative savings and other savings to these individuals. Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Perillo.

REP. PERILLO (113th):

Thank you, Mr. Speaker. Do we envision that there is a possibility that we could, in terms of our expenditures that we pay out, that we could actually blow through the premiums and the fluctuating reserve? Through you, sir.

DEPUTY SPEAKER ALTOBELLO:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker. No.

DEPUTY SPEAKER ALTOBELLO:

Representative Perillo.

REP. PERILLO (113th):

So to clarify, the gentleman is telling me that there is no chance that we will blow through the premiums and blow through the fluctuating reserve in -- in our effort to pay premiums -- pay expenditures. It's not possible. Through you, sir.

DEPUTY SPEAKER ALTOBELLO:

Representative Megna.

REP. MEGNA (97th):

That's true. There will be a reserve account with I believe at least two months or so worth of reserves to handle claims. Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Perillo.

REP. PERILLO (113th):

Thank you, Mr. Speaker. Is it required that the partnership plan premium account maintain a two-month reserve? Is that a requirement? Through you, sir.

DEPUTY SPEAKER ALTOBELLO:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker. No.

DEPUTY SPEAKER ALTOBELLO:

Representative Perillo.

REP. PERILLO (113th):

Thank you, Mr. Speaker. Is the goal to maintain a two-month reserve? Through you, sir.

DEPUTY SPEAKER ALTOBELLO:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker. The bill will allow standards to be set for that.

DEPUTY SPEAKER ALTOBELLO:

Representative Perillo.

REP. PERILLO (113th):

Thank you, Mr. Speaker. In the private market -- does the State of Connecticut Department of Insurance require that health insurers maintain a certain reserve level? Through you, sir.

DEPUTY SPEAKER ALTOBELLO:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker. I don't know quite the details, but I would assume so.

DEPUTY SPEAKER ALTOBELLO:

Representative Perillo.

REP. PERILLO (113th):

Thank you, Mr. Speaker. So what we're saying is that the partnership plan premium account and the partnerships that go along with it are not going to necessarily abide by the mandates we place on private insurers in the state of Connecticut? Is that correct? Can I assume that from what the gentleman just said? Through you, sir.

DEPUTY SPEAKER ALTOBELLO:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker. If those plans are fully-insured, yes, they would be subject to the same provisions.

DEPUTY SPEAKER ALTOBELLO:

Representative Perillo.

REP. PERILLO (113th):

Understood, thank you very much. I'm still a little bit concerned though that -- I guess this goes back to a concern about the State being at risk for employees who are not ours. I'm wondering what would happen -- and I know it's -- it's been suggested that there is no chance that we will spend more than we take in in premiums. But if that were to happen, and it's not entirely impossible, it happens all the time,

what would the State do to handle that overage? What would the State do if our claims experience outpaced our premiums and our fluctuation -- fluctuating reserve? Through you, sir.

DEPUTY SPEAKER ALTOBELLO:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker. There are a number of options. It does not necessarily mean that the General Fund will pay for anything.

DEPUTY SPEAKER ALTOBELLO:

Representative Perillo.

REP. PERILLO (113th):

Thank you, Mr. Speaker, and I thank the gentleman for his answer. I'm sure -- I would imagine there are a number of options, among them perhaps would be an increase in premiums. Perhaps we could decrease the rate of reimbursement to providers. We're generally pretty good at that on the Medicaid side so we might continue that over here.

If we could move to line 276, that paragraph that begins 276 and ends 288. This refers to the State's ability, in the event that municipalities do not pay the premiums that are due to the State, that

municipalities -- or that the State could withhold funds due to municipalities until actual payment had been made. Is that correct?

DEPUTY SPEAKER ALTOBELLO:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker. Yes.

DEPUTY SPEAKER ALTOBELLO:

Representative Perillo.

REP. PERILLO (113th):

Thank you, Mr. Speaker, and again through you. And I -- I don't -- I don't know the answer. Maybe the gentleman can help me out. Can we necessarily do that? I would imagine a lot of this money is pass-through money from the federal government intended for a specific purpose with a specific destination. Is the State able to withhold federal pass-through money in order to extract premiums from municipalities? Through you, sir.

DEPUTY SPEAKER ALTOBELLO:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker. No, not pass-through funds.

DEPUTY SPEAKER ALTOBELLO:

Representative Perillo.

REP. PERILLO (113th):

I apologize. I did not hear the gentleman's answer. If he could please repeat it.

DEPUTY SPEAKER ALTOBELLO:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker. Not pass-through money, only State grants.

DEPUTY SPEAKER ALTOBELLO:

Representative Perillo.

REP. PERILLO (113th):

Thank you, Mr. Speaker. I -- I appreciate the gentleman's answer. If we could move on briefly, I would like to move to Sections 13 and 14 of the bill, and specifically lines 593 and 594. This is one of the tasks --

DEPUTY SPEAKER ALTOBELLO:

Representative Perillo, one -- one moment, please.

REP. PERILLO (113th):

Oh, sure.

DEPUTY SPEAKER ALTOBELLO:

Representative Perillo, I have a question for you. Do those sections refer to sections of the law that may be under the cognizance and purview of the Public Health Committee?

REP. PERILLO (113th):

Let me check. I suppose it could be argued either way so I will pose the question to whomever would like to answer it.

DEPUTY SPEAKER ALTOBELLO:

Thank you. Please proceed, sir.

REP. PERILLO (113th):

My question is specifically in lines 593 and 594. One of the charges set out to the Office of Health Reform and Innovation is to ensure the coordination of efforts with State agencies concerning prevention and management of chronic illness. My question is exactly what do we envision that the Office of Health Reform and Innovation would do in that regard.

DEPUTY SPEAKER ALTOBELLO:

It sounds like something that may be under the purview of the Public Health Committee. I would ask Representative Ritter if she wishes to respond.

REP. RITTER (1st):

Thank you, Mr. Speaker. Mr. Speaker, the Office

of Health Reform and Innovation is charged with coordinating and implementing the State's responsibilities across areas of state and federal health care reform. The lines that Representative Perillo is referring to refer to efforts across a variety of State agencies that have interactions with our residents in need for -- health care services. Some of those are referenced specifically on line 594, prevention and the management of chronic illnesses. Thank you.

DEPUTY SPEAKER ALTOBELLO:

Representative Perillo.

REP. PERILLO (113th):

Thank you, Mr. Speaker, and I thank the lady for her very thorough answer. If I could move again forward, specifically to -- I want to be accurate here -- specifically in section 14, but 14 at about line 708, Sub 5. It refers to the development of a business plan. It's a business plan to be developed by the -- there's so many committees and cabinets formed I can't keep track of which is which.

I believe this is the SustiNet Health Care Cabinet and it specifically states the development -- of a business plan to be provided to the Governor and

the Office of Health Reform and Innovation that takes into account a number of different things. My question is this. What exactly is that business plan supposed to be a plan of? It states a business plan, but I don't know what I'm planning for, so what are we planning for? Through you, sir.

DEPUTY SPEAKER ALTOBELLO:

Representative Ritter.

REP. RITTER (1st):

Thank you, Mr. Speaker. Mr. Speaker, I can speak to the standard understanding of a business plan. Generally when a business or a State or agency is undertaking a new project, they might evaluate the feasibility of it both from a financial and from a practical standpoint. So I would expect that it would include both financial information as well as practical information about implementation.

DEPUTY SPEAKER ALTOBELLO:

Representative Perillo.

REP. PERILLO (113th):

Thank you, and I thank the Chair of the Public Health Committee for her answer. I'd like to move on just a little bit further if I could, specifically to Sub D which is line 720 and onward, and it speaks to

medical homes. I understand what medical homes are. I'm going to have some questions about a little bit more detail of that going forward, but I just want to clarify that indeed it is the intention of the SustiNet Health Care Cabinet to essentially study and convene working groups that will make some determinations as to the best utilization of medical homes. This is -- just to clarify, this is indeed a study in Section 10. Is that correct?

DEPUTY SPEAKER ALTOBELLO:

Representative Ritter.

REP. RITTER (1st):

Thank you, Mr. Speaker. And I would refer Representative Perillo to line 723 in the bill where it states that the SustiNet Health Care Cabinet may convene working groups, and that if you go on, those working groups would make recommendations concerning both development and implementation of a variety of things including medical homes. Through you.

DEPUTY SPEAKER ALTOBELLO:

Representative Perillo.

REP. PERILLO (113th):

Thank you very much, Mr. Speaker. And that is a little bit confusing to me because as I look back to

Section 2 of the bill, and specifically -- this -- this covers things that the Comptroller must put in place for the partnerships.

Section 2 of the bill, in lines 112 to 114 states very explicitly that the Comptroller is supposed to develop and implement patient-centered medical homes so I'm confused because on the one hand we have directed the Comptroller, not just to develop, but implement patient-centered medical homes, but concurrently we are studying them and forming a work group to determine the best way to do it. So is our intention to study patient-centered medical homes and implement them at the same time? Through you, sir.

DEPUTY SPEAKER ALTOBELLO:

Representative Ritter.

REP. RITTER (1st):

Thank you, Mr. Speaker. Mr. Speaker, those activities are being done to two different populations. The bill in Section 2 is referring to the health care partnership which would be offering medical insurance through the State employees pool. The idea there is to open it up to some different populations, but it is not in this bill necessary to open up that particular plan to every population in

the state. The SustiNet Health Care Cabinet charge in lines 723 and forward would be to study the availability of those medical homes across all populations in the state.

DEPUTY SPEAKER ALTOBELLO:

Representative Perillo.

REP. PERILLO (113th):

Thank you very much, and I thank the lady for her answer because I was a little bit confused that perhaps we were studying something and implementing it, perhaps putting the cart before the horse.

To clarify just a little bit further, I recall much of the debate about SustiNet from a few years ago and in committee this year and it has evolved quite a bit over time. Historically, I recall that part of the goal of SustiNet was to implement a public option. Is it expected that SustiNet, in the course of its study, the cabinet and whatnot, will lead us to that end? Is it something that is being explored? It's just unclear to me. If the lady -- if she could answer.

DEPUTY SPEAKER ALTOBELLO:

Representative Ritter.

REP.. RITTER (1st):

Thank you, Mr. Speaker. Mr. Speaker, in the provisions of the bill in Sections 13 and 14, the Representative is right. There is a charge to explore a variety of both private and public mechanisms to increase access to affordable and quality health reform in the state and indeed that very well can be one of those mechanisms that is studied. Without that occurring, the bill does not presume a specific recommendation. It could indeed occur.

DEPUTY SPEAKER ALTOBELLO:

Representative Perillo.

REP. PERILLO (113th):

Thank you very much, and I thank the kind lady for the answer to the question. If we could refer -- I believe it's in Section 13, line 615, at or about that point. It discusses what the Office of Health Reform and Innovation can do in consultation with the SustiNet Cabinet, Health Care Cabinet, and it lists a number of different things. I'm trying to get a handle on exactly what the Office of Health Reform and Innovation is supposed to be exploring as to options related to cost savings. Would that include things like medical malpractice reform? Would that include things like State tax reform? It -- it seems to be

very, very broad and I just want to get a sense of what the scope and charge of this is, if the lady could help me out.

DEPUTY SPEAKER ALTOBELLO:

Representative Ritter.

REP. RITTER (1st):

Thank you, Mr. Speaker. The items specifically that Representative Perillo mentioned, medical malpractice reform as well as State tax reform, are not items in this -- contemplated in this description of things that the Office of Health Care Reform might want to investigate.

The Office of Health Care Reform is really directed more towards opportunities to access health care insurance that is comprehensive, complete and affordable for residents in the state of Connecticut. Thank you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Perillo.

REP. PERILLO (113th):

Thank you, Mr. Speaker. And I think -- not I think, I know I thank Representative Ritter for the answers to the questions and that may be all I have as it relates to public health. But I do have some more

questions as they relate to insurance, so if I could ask a few questions through you to the Chair of the Insurance Committee.

DEPUTY SPEAKER ALTOBELLO:

Please proceed, sir.

REP. PERILLO (113th):

Thank you very much. Through you, Mr. Speaker. I just recently received the fiscal note for the bill and it -- specifically as it pertains to Sections 1 through 8 of the bill -- the fiscal note does indicate that there is risk associated with the creation of partnerships and I don't know that we've adequately addressed that.

The gentleman indicated to me before that he believes there is no chance the our expenditures on medical claims will outpace our income as to premiums, but the fiscal note would disagree. So I'm wondering if the gentleman could clarify perhaps where he believes the fiscal note is wrong. Through you, sir.

DEPUTY SPEAKER ALTOBELLO:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker. Could you please indicate directly on the fiscal note to which you're

referring?

DEPUTY SPEAKER ALTOBELLO:

Representative Perillo.

REP. PERILLO (113th):

Absolutely, Mr. Speaker. My pagination may be a little bit -- different than the gentleman's. It is under Actuarial Costs and I believe it pops up as page -- no I apologize. It's not Actuarial Costs. Let me get this right. It is in -- in the explanation. It is at the beginning of page 2 and it follows a table talking about estimated population, and it specifically says the partnership plan may result in a -- fiscal impact to the State and the State Employee Health Plan as a result of the following factors, the impact to the existing pool, actuarial costs, additional staff and loss of revenue.

The fiscal note is indicating that perhaps there is a risk that the State will lose money in this process, and specifically in terms of the impact to the existing pool and actuarial costs, that would indicate that perhaps our claims experience will outpace premiums that come in the door. The gentleman indicated to me before that he does not believe, and in fact assured me that that would not be the case, so

I'm just asking where the gentleman believes that the fiscal note is incorrect, that perhaps OFA got it wrong. Through you, sir.

DEPUTY SPEAKER ALTOBELLO:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker. I believe the fiscal note says "may" result, and it's our hope that it will not result, and it's our hope that costs will decrease and any expenses will be mitigated by this process. Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Perillo.

REP. PERILLO (113th):

Thank you, Mr. Speaker, and I appreciate the difference between "will" and "may". The gentleman indicated that the hope is that costs will decrease. If the gentleman could give me some indication of how he believes costs will decrease. Through you, sir.

DEPUTY SPEAKER ALTOBELLO:

Representative Megna.

REP. MEGNA (97th):

I'm sorry, Mr. Speaker. Could that question be repeated one more time?

DEPUTY SPEAKER ALTOBELLO:

Representative Perillo.

REP. PERILLO (113th):

Absolutely, Mr. Speaker, and through you again. The gentleman indicated to me just now that the hope and expectation is that costs will decrease, and I think we all would agree that we hope that costs will decrease. My question specifically is the gentleman has that hope and expectation, how does he arrive at that? What does he believe in the partnerships will lead us to a cut in costs for health care in the state of Connecticut? Through you, sir.

DEPUTY SPEAKER ALTOBELLO:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker. We believe that it's a basic principle of insurance that the greater the pool, assuming the pool is of an identifiable risk, that -- the risk is spread out, the costs are spread out, the expenses are reduced and the end result is going to be a -- a savings to those that are involved in this as well as taxpayers of this state. Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Perillo.

REP. PERILLO (113th):

Thank you, Mr. Speaker. And I -- I would agree that having a large pool will certainly impact cost and will be able to -- will allow us to spread risk across a larger population of individuals. I would argue that that reaches a point of diminishing returns and I believe the State of Connecticut employee pool is -- is approximately 200,000 lives. I could be off, and if I am, I apologize.

But more specifically the gentleman indicated before that the partnerships -- are going to become pools unto their own thereby leading me to believe that they are going to be small and in fact not intermingled with the lives in the statewide pool. So I'm wondering how the gentleman expects that an expansion of a pool will lead to cost savings when indeed it appears, and he mentioned before, that we are actually not increasing the size of the pool. Through you, Mr. Speaker, if the gentleman could clarify.

DEPUTY SPEAKER ALTOBELLO:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker. It will be the same risk pool. Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Perillo.

REP. PERILLO (113th):

Okay. Thank you, Mr. Speaker. I am skeptical as to whether or not expanding the size of the pool, particularly given the fact that the pool, as large as it is, will have any sort of significant impact on our cost savings.

Were we talking about a pool of one thousand individuals and we doubled it to 2,000 individuals, perhaps we would see some sort of cost benefit in a spreading of that risk. But we're talking about 200,000 lives and the addition of, you know, more lives to that. As with anything, there does reach, as I mentioned before, diminishing returns and one would argue that we've already reached that point. So I respect the gentleman's suggestion that making the pool larger will have an impact on cost. Respectfully, I disagree.

So given that we have perhaps a difference of opinion on this, I'm wondering if there are any other ways that the gentleman believes that we will

experience cost savings as they pertain to Sections 1 through 8 of the bill and the creation of the partnerships. Through you, sir.

DEPUTY SPEAKER ALTOBELLO:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker. Delivery systems, brokers' fees, administrative costs, to name a few.

DEPUTY SPEAKER ALTOBELLO:

Representative Perillo.

REP. PERILLO (113th):

Thank you, Mr. Speaker. If the gentleman could clarify what he means by changes in delivery systems that would be helpful. I -- I just don't know to what the gentleman is referring, if he could give some clarity. We're talking about cost and the importance of saving costs and the gentleman has indicated that he does not believe that there will be an increase in costs to the State of Connecticut. That is dependent upon whether or not we can save money in the process, so if the gentleman could be a little bit more clear as to what he believes changes in the delivery system will A, be, and B, what they will mean. Thank you, sir, through you.

DEPUTY SPEAKER ALTOBELLO:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker. Such things as payment reform, medical home, paying doctors for performance as opposed to fee-for-service, those types of things which I believe are developed by the Comptroller.

DEPUTY SPEAKER ALTOBELLO:

Representative Perillo.

REP. PERILLO (113th):

Thank you, Mr. Speaker. And the gentleman mentioned -- I think he alluded to patient-centered medical homes. If the gentleman could try and clarify exactly what patient-centered medical homes will do and how they will have an impact on cost, that would be helpful. Through you, sir.

DEPUTY SPEAKER ALTOBELLO:

Representative Megna.

REP. MEGNA (97th):

I think it's just -- coordination of care of individuals to drive down the -- just the cost of health care for that individual. Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

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Representative Perillo.

REP. PERILLO (113th):

Thank you, Mr. Speaker, and again through you. So that coordination of care -- so we expect that the State of Connecticut through the Comptroller's office is going to be able to do that? Are we going to pull in actuaries to do that? Are we going to do that under the office of the Health Care Cost Containment Committee? Again, I'm losing track with the alphabet soup, but how do we expect to be able to manage care with the patient-centered medical homes? Through you, sir.

DEPUTY SPEAKER ALTOBELLO:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker. The Comptroller's already doing these types of processes to reduce health care costs and -- through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Perillo.

REP. PERILLO (113th):

Thank you, Mr. Speaker. So the Comptroller's office is generating sort of a medical management arm that is going to serve as sort of the case managers

for patients within the partnerships? Since, I mean the gentleman said the Comptroller's office is working on it. That's how I would interpret that statement. Is that correct? Through you, sir.

DEPUTY SPEAKER ALTOBELLO:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker. I'm -- I'm told that it's part of the ASO contract. Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Perillo.

REP. PERILLO (113th):

Thank you, Mr. Speaker. So the -- the administrator is going to manage the care of the patients. How does that impact the patient-centered medical homes? We had started with that discussion.

If we have an ASO that is doing this care management, what do we expect that the patient-centered medical homes are going to add? We have the SustiNet Cabinet exploring ways to do it while at the same time we have the Comptroller's office implementing it, which I would still argue is iffy at best.

So if we have an ASO that is providing this care management, what role do the patient-centered medical homes play? And are they in partnership with the ASO? I apologize that I'm asking so many questions all at once, but I think there might be some confusion, if the gentleman could clarify.

DEPUTY SPEAKER ALTOBELLO:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker. I'm told that the current carriers under the -- under the contracts are already -- administering this process under the State plan. Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Perillo.

REP. PERILLO (113th):

Thank you, Mr. Speaker. So these patient-centered medical homes, the State of Connecticut has contracts with them to provide whatever it is they provide? Through you, sir.

DEPUTY SPEAKER ALTOBELLO:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker. I'm told, yes, there

is an agreement.

DEPUTY SPEAKER ALTOBELLO:

Representative Perillo.

REP. PERILLO (113th):

Thank you, Mr. Speaker. Do those -- for what population of insureds do we have those contracts? Is that related to State employees? I -- I'm -- this is the first I'm hearing of this, so I'm just curious. Thank you, sir, if the gentleman could answer.

DEPUTY SPEAKER ALTOBELLO:

Representative -- Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker. I don't know the quite -- the details of those items.

DEPUTY SPEAKER ALTOBELLO:

Representative Perillo.

REP. PERILLO (113th):

Thank you, Mr. Speaker, and I appreciate the gentleman's candor in answering the question honestly. So let me clarify. We have a bill before us that is instructing the SustiNet Cabinet to develop suggestions and plans for how to set up and implement patient-centered medical homes. We have just instructed in this -- we will be instructing in this

Legislation for the Comptroller to develop and implement patient-centered medical homes, yet we already contract with patient-centered medical homes. So we have them now, we're instructing the Comptroller to develop them, and at the same time we're going to plan for them. Is that correct?

DEPUTY SPEAKER ALTOBELLO:

Representative Megna.

REP. MEGNA (97th):

I'm sorry, Mr. Speaker. Could you please repeat that question one more time?

DEPUTY SPEAKER ALTOBELLO:

Please, Representative Megna, don't ask that.

REP. PERILLO (113th):

Absolutely, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Perillo.

REP. PERILLO (113th):

Thank you, Mr. Speaker. Absolutely. I just want to clarify sort of the timeline in terms of patient-centered medical homes. The bill does two things concurrently. It requires that the SustiNet Cabinet convene a work group to study patient-centered medical homes and make recommendations as to how they should

be implemented. At the same time it instructs the Comptroller to develop and implement patient-centered medical homes. Yet the gentleman has just told me that we already have contracts with patient-centered medical homes. So concurrently we have them, we're developing them, and we're planning to develop them, all at the same time. Is that correct?

DEPUTY SPEAKER ALTOBELLO:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker. I think so.

DEPUTY SPEAKER ALTOBELLO:

Representative Perillo.

REP. PERILLO (113th):

Thank you, Mr. Speaker, and I thank the gentleman for his answer. I had another question and I am trying to track it down. I apologize, I don't have as many folks helping me as the Chairman.

I probably have some more questions later on, and perhaps an amendment, but I do thank the gentleman for his time and bearing with me for what now is almost an hour and a half. Thank you, sir.

DEPUTY SPEAKER ALTOBELLO:

You're very welcome, Representative.

Representative Carter, you have the floor, sir.

REP. CARTER (2nd):

Thank you, Mr. Chairman. I appreciate that. Good afternoon. I do have a -- a few questions, through you, Mr. Speaker, to the esteemed Chairman of the Committee on Insurance.

DEPUTY SPEAKER ALTOBELLO:

Please proceed, sir.

REP. CARTER (2nd):

Thank you, Mr. Chairman. I'd like to direct the Chairman's attention to Section 9 of the amendment, specifically line, we'll say 364. As we look at this paragraph -- I'll wait for a moment.

As I look at this paragraph, it seems to be a -- what we could say is a mandate for Towns who are fully insured to present all their information over to the Comptroller. I guess my question first off is, through you, Mr. Chairman -- excuse me, Mr. Speaker -- is this going to apply to all Towns regardless whether or not their buying in to the State insurance? Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker. This would be all fully-insured Towns with more than 50 employees.

DEPUTY SPEAKER ALTOBELLO:

Okay, I just want to make sure I understand this. Mr. Speaker, through you. So all towns in the State of Connecticut, whether they're fully insured but not necessarily by the State, they can be fully-insured through somewhere else. Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker. Correct.

DEPUTY SPEAKER ALTOBELLO:

Representative Carter.

REP. CARTER (2nd):

Thank you very much. I'm kind of curious as to the rationale as why we would request that information from every Town who may not be actually participating in the State insurance. Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Megna. Representative Megna.

REP. MEGNA (97th):

Thank you, Mr. Speaker. Could I -- could I ask the gentleman to repeat that question one more time?

DEPUTY SPEAKER ALTOBELLO:

Representative Carter, would you care to repeat your query?

REP. CARTER (2nd):

Yes, Mr. Speaker. If -- if we're going to need the information, or the Comptroller needs the information from Towns who are fully insured, why would we ask it from every single Town? Why would we mandate that and not just the Towns that are going to be buying in to the State insurance? Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker. That's to gather information on rate increases.

DEPUTY SPEAKER ALTOBELLO:

Representative Carter.

REP. CARTER (2nd):

Thank you, Mr. Speaker. So as I understand it, it's -- it's just for a comparative look at what Towns are being charged across the whole state? Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker. Yes, that's correct.

DEPUTY SPEAKER ALTOBELLO:

Representative Carter.

REP. CARTER (2nd):

Thank you very much and, well I guess that would bring me then -- onto Section 10, line 402, because in -- in a further paragraph, it looks like what we're doing there is then we're requiring insurance companies to give the information. Actually in current law we require insurance companies to give the information to the insured. It used to be by request of the employer, now we're doing it free of charge and it's -- it's a mandate. So as they have this information, has anything been (inaudible) of how much it will cost these Towns to do this free of charge, or the insurance companies to do this free of charge? Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker. No.

DEPUTY SPEAKER ALTOBELLO:

Representative Carter.

REP. CARTER (2nd):

Thank you, Mr. Speaker. What I would like to do is move over to Section 10, and it's line 436. And I think this is where I wanted to ask this before. So earlier on in the -- in Section 9, we're requiring all the Towns in Connecticut to submit their insurance information over to the Comptroller for comparative prices to see what they're paying for premiums. On line 436 what we're doing is we're turning around again and saying, okay, any employer may provide to the Comptroller upon request the information they get from the insurance companies. Why -- why the dual requirement? Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker, if I could just have one second to refer to the bill. Mr. Speaker, through you. Muni's with fewer than 50 employees will be gathering that data and may give it to the Comptroller.

DEPUTY SPEAKER ALTOBELLO:

Representative Carter.

REP. CARTER (2nd):

Thank you, Mr. Speaker. Okay, as I understand then it's an -- it's an option in that case. Will -- will the employers be, I guess, say, adequately notified that this in an optional request? Because often when things come from the State, it sure seems like it's a mandate or a mandatory thing from them. Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker. I would assume so, yes.

DEPUTY SPEAKER ALTOBELLO:

Representative Carter.

REP. CARTER (2nd):

Thank you, Mr. Speaker. With that, Mr. Speaker, I would like to thank the Chairman for his comments and -- and his answers to my questions, and I would like to move on to some questions that may relate to public health. So I'd ask, through you, Mr. Speaker, to address the Chairman of the Committee on Public Health.

DEPUTY SPEAKER ALTOBELLO:

Please proceed, sir.

REP. CARTER (2nd):

Thank you, Mr. Speaker. Looking into Section 12 as the amendment, we talk a little bit about patient -- identifiable data, specifically on line 479. My question is this, through you, Mr. Speaker. What kind of identification is usually used for these patients? Is the Social Security number, insurance card or just name? Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Ritter.

REP. RITTER (1st):

Thank you, Mr. Speaker. I will refer Representative Carter to the definition in lines 479 to 480 and that would include any information that may be reasonably used as a basis to identify an individual patient. Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Carter.

REP. CARTER (2nd):

Thank you very much, and Mr. Speaker, through you. I guess I could move on then to Section 488, or excuse me, Section 12, line 48. We start talking about in -- in the amendment where we're going to

start requiring patient-identifiable information. In this case we're talking about getting information from hospitals. I guess my question, through you, Mr. Speaker, is why are we looking at patient-identifiable information to go to public health versus just collecting as an aggregate? Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Ritter.

REP. RITTER (1st):

Thank you, Mr. Speaker. I believe the Representative is speaking to the -- Sub B beginning on lines 485. The Office of Health Care Access currently collects inpatient discharge data from hospitals. This is not a new requirement, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Carter.

REP. CARTER (2nd):

Thank you, Mr. Speaker. Okay, it does talk about patient-identifiable inpatient discharge data and that part is new. I guess then I would address later down we look at line 502. It seems as if we've just taken out the requirement to make that confidential and that's -- of course my concern is when we're -- we're

dealing with patient-identifiable information, I want to make sure at every turn that we're keeping it confidential. So I'd like to ask, through you, Mr. Speaker, why that section was taken out. That would be line 502 through 506. Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Ritter.

REP. RITTER (1st):

Thank you, Mr. Speaker. One moment, please, I'm looking at the section. Mr. Speaker, I would explain quickly to the Representative, and he may remember some of this conversation from the Public Health Committee, that this section was also rewritten to conform to the requirements of the federal HIPAA Legislation and that is accommodated in Sub D further along, beginning on line 534 where it specifies that this information must be kept confidential. He'll see the language following, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Carter.

REP. CARTER (2nd):

Thank you, Mr. Speaker. And I would look at line 4 -- excuse me, 534 through 536, and it does talk about that section being kept as confidential which

actually leads me kind of to my next question. I would be interested in knowing how we keep that information confidential now. If we're collecting patient-identifiable information, how is that information kept confidential? Is it in a particular database, or how does that work? Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Ritter.

REP. RITTER (1st):

Thank you, Mr. Speaker. And it is my understanding that that is done through regulations promulgated by the Department of Public Health.

DEPUTY SPEAKER ALTOBELLO:

Representative Carter.

REP. CARTER (2nd):

Thank you, Mr. Speaker. Also in the same paragraph, line 540 through 542, you know, we actually talk a little bit about the patient-de-identified information and that the ability that we're able to share that, or the office can share that with other third parties, and it's actually asking for -- actually saying that that information would be kept confidential by the recipient. I'm kind of curious if

we're -- if we're sharing it with a -- another organization, how can we guarantee that information is kept confidential? Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Ritter.

REP. RITTER (1st):

Thank you, Mr. Speaker. It's my understanding from discussions with the Department of Public Health that they have a -- procedures around what is considered protective health information that essentially proscribes very carefully not only who may access the data and the particular requirements that they must fulfill before being granted any access, but the circumstances under which that data is shared. Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Carter.

REP. CARTER (2nd):

Thank you, Mr. Speaker. In looking down a little further to 547 -- and thank you for the answer. This is a -- this is an important line that I was -- I really wanted to focus on. I'm curious, through you, Mr. Speaker, who we are selling patient-identified information to as a -- as a nongovernmental agency?

It's saying that we're able to sell it to somebody. Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Ritter.

REP. RITTER (1st):

Thank you, Mr. Speaker. Mr. Speaker, I also understand from conversations with the Department of Public Health that this information is sometimes requested for use from a bona fide scientific or medical researcher and that they actually require this level of detailed data. That would be the answer to that question, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Carter.

REP. CARTER (2nd):

Thank you very much. So I guess I want to make sure I understand this then. The -- it talks about no individual entity receiving patient-identifiable data can release the data, but then it goes down and talks about the reasonable cost-based fee for data.

That data that is sold to the scientific organization, that data is not patient-identified? I just want to make sure I have that clear. Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Ritter.

REP. RITTER (1st):

Thank you, Mr. Speaker. Under current law, that is correct.

DEPUTY SPEAKER ALTOBELLO:

Representative Carter.

REP. CARTER (2nd):

Thank you, Mr. Speaker. I would like to move on to the -- to the next paragraph in, basically line 549, still in Section 12. We talk about a memorandum of understanding that will have to exist between the Comptroller and the Office of Health Care Access and that this is where the Comptroller will agree to keep this information confidential. I think, you know, my question is this. The way I understand through HIPAA guidelines, one of the things that has to exist are business agreements through different agencies that -- that help keep that information confidential. Would that agreement exist between the Office of -- Health Care Access or would that agreement have to exist between the Comptroller? Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Ritter.

REP. RITTER (1st):

Thank you, Mr. Speaker. I will refer the Representative to lines 549 through 551 where it states that the Office of Health Care Access would enter into a memorandum of understanding with the Comptroller permitting this access. I would also then refer the Representative down to lines 556 to 558 where the direction is given to the Commissioner of the Department of Public Health to adopt the appropriate regulations. Thank you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Carter.

REP. CARTER (2nd):

Thank you, Mr. Speaker. So to clarify then, the appropriate regulations would be referring to those regulations that are required through the Health Care Affordability Act and HIPAA? Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Ritter.

REP. RITTER (1st):

Thank you, Mr. Speaker. I don't have those regulations before me. They would be State regulations that would obviously, I would certainly

ensure, address the State's compliance with the federal regulations. Thank you.

DEPUTY SPEAKER ALTOBELLO:

Representative Carter.

REP. CARTER (2nd):

Thank you, Mr. Speaker. And for my final couple of questions, I think part of it was answered before, but when we were talking on this bill and we were -- we were looking at pooling some of the -- the different plans into the same plan that the State employees use, would those kind of decisions be made then by the SustiNet board, or would those decisions be made by the Office of Health Care Access as to what cost savings would exist? Would we put those different plans in with State employee plans, or model them after State employee plans? Is that clear? Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Ritter.

REP. RITTER (1st):

Thank you, Mr. Speaker. Mr. Speaker, I don't exactly understand the Representative's question. I think I might have to ask him if he could please rephrase.

DEPUTY SPEAKER ALTOBELLO:

Representative Carter.

REP. CARTER (2nd):

Thank you, Mr. Speaker, gladly. The way I understand the bill is we're going to do some modeling. We're going to combine health plans into the same State Employee Health Plan. I think that's in -- in part of the SustiNet. Is that -- is that what we're going to do with part of the bill? Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Ritter.

REP. RITTER (1st):

Thank you -- thank you, Mr. Speaker. I am not aware that anything involving combining health plans into the State employee pool is contemplated in either of Section 13 or Section 14 which I believe are the sections that deal with the health care reform that the Representative is referring to.

DEPUTY SPEAKER ALTOBELLO:

Representative Carter.

REP. CARTER (2nd):

Thank you, Mr. Speaker. Then I'll move on -- I'll move on to the final question because my -- my

concern was this. Recently with the State health -- the State employee health care plans they were looking at doing a mandatory mail order for prescriptions, and I spent some time as we know in this Chamber on another amendment talking about that, and I was just concerned, if that was going to be something that would be done through the Office of Health Care Access or through the SustiNet board as maybe a savings measure, who would be in charge of something like that? Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Ritter.

REP. RITTER (1st):

Thank you, Mr. Speaker. I am not aware that that particular proposal to do that -- make those changes for the pharmacy plan, is included in this bill.

DEPUTY SPEAKER ALTOBELLO:

Representative Carter.

REP. CARTER (2nd):

Mr. Speaker, I'd like to thank the -- the Chairman of the Public Health Committee and also the Chairman of the Insurance Committee, and thank you very much.

DEPUTY SPEAKER ALTOBELLO:

Thank you, sir.

Representative Schofield of the 16th District, you have the floor, madam.

REP. SCHOFIELD (16th):

Thank you, Mr. Speaker. I -- I'm very troubled by this bill. There's a lot of good parts in this bill that I would like to support, for example, we've been trying for years to get regulation of the third-party administrators passed, and I'm delighted to see that in here.

We need to do the sections on the exchange in order to be in compliance with the federal law. It's a good section.

We need to change the federal appeals rules in order to be in compliance with the health reform law. I really like the idea of the Office of Health Reform and Innovation, they've got some good plans set forth here to use data effectively to improve quality, to improve efficiency, and coordinate amongst payers.

So I'd like to vote for all of those sections. I -- I know in the past I've not been a supporter of the partnership plan, but it's been reworked and I would even support that because it doesn't include all of the private-sector employers in it anymore, and

there's actually quite a bit of experience in other states with allowing municipalities in and I've always been supporting of -- of that part of it because those employees are known to have a very similar risk profile to the State employees.

What's distressing to me is that there is a poison pill in here that's very hard for me to swallow. It's Section 18 and I want to talk a little bit about that. You know, I worked in the insurance industry. I also ran the Medicaid program, and in both of those experiences -- and I worked for providers as well. In both of those experiences dealt a lot with the concept of medical management from the payer perspective and the provider perspective and the use of prior authorization as opposed to retrospective review, and prior authorization was always conceived as a way to actually improve service to the physicians and hospitals and other providers who previously used to have to deal with difficulties getting payments from the patients and getting denied services retrospectively.

Years ago we had indemnity insurance as the prevalent form of insurance and that was true in Medicaid as well. A fee-for-service payment, the

provider would provide the service and then have to seek, after providing the service, seek payment from either the patient or the insurer and at that point have it looked at for medical necessity and get told after the fact, after he's -- already delivered the service, that it did not conform to medical necessity and that was really seen as a difficult burden for -- for the providers.

So in moving forward to make actually life better for them, payers migrated to the use of prior authorization as a better way to do business with physicians and hospitals. But it was always made clear whenever prior authorization was given that that was not a guarantee of payment, that it was a recognition that the service that they were proposing was medically necessary, but that it was not a guarantee of payment, and in fact that disclaimer was always stated verbally and in writing. And that's because in some cases prior authorization is given months in advance of the service.

So for example in its most extreme case, if you need an organ transplant, you'll -- your doctor will work with the health plan to determine that it's medically necessary that you need that organ

transplant. But they can't predict when someone's organ might be available to you. It might be tomorrow, and it might be a year from now, and what they're saying is the minute that organ is available, you're ready to go, you don't have to call us for a medical review at the point in time and the key is you still do have to be an insured person under that health plan.

What this section does is change that so that you get that prior authorization for your transplant, and somewhere in the course of the next few months, you're -- you change your job and you have a new insurer, or you lose your job and you lose your insurance, or you quit your job and you lose your insurance, or you don't pay your individual premiums anymore and so you're no longer insured. This bill would say that that insurer still has to pay for your service even though you're not an insured member of that health plan just because that insurer said, yes, the service that you're asking for is medically necessary.

They never gave you a guarantee of payment, but this is saying that their determination of medical necessity is now considered a guarantee of payment even if you're not insured in their plan. To me

that's ludicrous. I -- I don't even know how we can say that's legal. It -- it's just mindboggling to me. You know, there are issues about nonpayment here that make this very difficult.

What the insurer is expected to do under this section is to notify the provider when the person is no longer eligible. Well, in the case of someone who hasn't paid their premium, there are already laws in place that require the insurer to give that person a grace period, and then another month, a notification and another month of grace period before that person has to lose their insurance. So the insurer can't notify the provider that Mary Jones in no longer eligible because he doesn't know if he's eligible or not because he's got to give him this grace period which we require him to do.

So we -- we're putting an insurer in an impossible box where they can't tell you whether or not the person's eligible, but if they are -- or they're not, excuse me, then the insurer's going to be stuck paying for them anyway. This creates a situation so extreme that if a person gets a service prior authorized with their physician, say you want your -- your knee surgery done, elective, many of

these orthopedic surgeries are elective surgeries. No urgency, your daughter's getting married, it's summertime, you're going on vacation, you don't want to have that knee surgery today, you want to have it in September when the weather's lousy, and so you wait and you have it in September. Meanwhile you change jobs, or you change health plans and you tell your doctor, you know what, I've got a new health plan. And the doctor under this law could say, you know, I don't really feel like asking for prior authorization from the next health plan, I already got it from the old health plan and they're going to have to pay me, so I won't bother with that administrative hassle of asking for permission from the new health plan, I'll just charge the old health plan. And that's acceptable under this health -- under this Legislation.

It really concerns me that that's inappropriate and what kind of an established precedent are we creating in relation to Medicaid? Everything that these health plans do in prior authorization is also done in Medicaid. Can you imagine if we said when we give prior authorization in Medicaid, which we give for nursing home care, et cetera, for months at a

time, that that person lost their Medicaid eligibility, they're no longer eligible, but the State is still on the hook for paying the bill because they gave prior authorization months ago. The taxpayers would go crazy. That would not be acceptable. We would not accept that here, but we're expecting to -- to apply that to other payers. It doesn't make sense to me at all.

The other section of concern to me is the very next one, Section 19. This has to do with dental health plans and under some dental health plans, they not only cover benefits, but they also provide a discount service. They contract with dentists and they say, you know, we don't actually cover this, but we've negotiated a discount for you so that when you do go get these sort of optional services, you get them at a discounted rate.

In fact there are some health plans out there that really don't cover anything but just provide discounts. They're called, not health plans, but discount plans. This is actually a consumer benefit. A lot of consumers like these discounts because it saves them money and it brings patients to those dentists that agree to give those discounts.

What this section does is eliminated the ability of a dental plan to offer those kind of discounts to people because they can no longer require the dentists to accept those discounts. That's a loss of a consumer benefit and in fact it's such an unpleasant loss that the State employee unions opposed it consistently because this is a benefit that all of our State employees rather enjoy. So the bill carved out health plans that are negotiated through collective bargaining. It's creating a double standard. If we think that our own employees like this consumer benefit so much that we don't want to apply this law to them, why do we want to apply it to every other consumer out there? Doesn't make sense to me that we would create that kind of double standard.

So those are my two main concerns. I don't want to put my colleague, Chairman Megna, for whom I have great affection, on the spot and ask him lots of questions, but I did want to share my concerns. Again, there's a lot of good things in this bill that I would like to support, but I don't see how I can support them, particularly with this Section 18 in here. Hopefully Section 18 will be amended out. Thank you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Thank you, Representative Schofield.

Representative Candelora, for what purpose do you rise?

REP. CANDELORA (86th):

Thank you, Mr. Speaker. I am guessing that I would be next.

DEPUTY SPEAKER ALTOBELLO:

You are. Do you wish to speak on House "A"?

REP. CANDELORA (86th):

Yes, Thank you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Please proceed, sir.

REP. CANDELORA (86th):

If I may, just a couple of questions to the Chairman of the Insurance Committee.

DEPUTY SPEAKER ALTOBELLO:

You surely may. Please proceed.

REP. CANDELORA (86th):

Thank you, Mr. Speaker. I'm really going to be limiting my questions to the first section of this bill which deals with the, I guess the health care partnership. In lines 11 through 18 we have a definition of "nonprofit employer" which is limited to

employers that receive State services -- excuse me, or have service contracts through the State of 50 percent or more of gross annual revenue and I was wondering why we've created that limitation. Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker. We thought that was a good balance and that since these individuals do receive a substantial portion of funds from the State that it would be the proper way to initially begin this process. Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Candelora.

REP. CANDELORA (86th):

Thank you, Mr. Speaker. And I notice the underlying bill had had small employers in it and I realize that this amendment now removes the small employers, and I believe that part of the reason why that was taken out is because there are no states that have considered pooling yet for small employers and there was concerns that it might impact federal ERISA laws. Am I correct, that's why small employers came

out? Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker. I'm not quite sure if it was just because of ERISA, but it was just a caution and a gradual phase-in and this is a very significant process and we wanted to be very safe before we made any kind of decisions on allowing small employers. Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Candelora.

REP. CANDELORA (86th):

Thank you, Mr. Speaker. So when we're including the nonprofit portion within this pooling, and we've created this standard, it's -- it's sort of I guess then an attempt to ease into this process so that a nonprofit under this definition may in fact be considered, you know, a -- I guess for lack of a better word, a private-sector entity, and would -- would not necessarily be captured for purposes of being under the definition of a public-sector -- public sector entity? Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Megna.

REP. MEGNA (97th):

I apologize, Mr. Speaker. Could you please repeat that question?

DEPUTY SPEAKER ALTOBELLO:

Representative Candelora.

REP. CANDELORA (86th):

Thank you, Mr. Speaker. What I'm asking is that there is some concerns, we've had this debate over the implications of ERISA and bringing private entities into a governmental plan so that ERISA may be implicated, it may convert our plan to a governmental entity. And my question was that we're -- we're including nonprofits in the definition under this section and we are defining just those nonprofits who have contracts that are exceeding -- State contracts that are exceeding their gross revenue of -- of 50 percent. In doing so, I understand that we are limiting the -- number of nonprofits that -- that might be eligible. And my question is that this type of definition of nonprofit doesn't attempt to -- these aren't nonprofits that are necessarily treated as maybe a quasi-public agency. Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker. I believe that's correct.

DEPUTY SPEAKER ALTOBELLO:

Representative Candelora.

REP. CANDELORA (86th):

Thank you, Mr. Speaker. And then under the definition of "nonstate public employer" in lines 21 through 24, we've defined it to include municipality or political subdivisions, and we go on to say including but not limited to boards of education, quasi-public agencies or public library. Finally that definition also states that a municipality and board of education may be considered separate entities.

My -- I know the underlying bill originally were some discussion of what portions of a municipality can make application for the purposes of pooling. And in -- in the definition in line 23, there's a reference to public library.

Would public libraries that are under the control of a municipality be able to pool on their own under this definition? Or would they fall under the

umbrella of a municipality and be required to apply through their municipality? Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker. I believe separately or on their own.

DEPUTY SPEAKER ALTOBELLO:

Representative Candelora.

REP. CANDELORA (86th):

Thank you, Mr. Speaker. And is there a reason why we segregated out public libraries as one of those bodies of a municipality, of a municipal subdivision that could contract on their own? Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker. I believe because it's a -- it's the constituent unit of a public employer.

DEPUTY SPEAKER ALTOBELLO:

Representative Candelora.

REP. CANDELORA (86th):

Thank you, Mr. Speaker. So then in reading this

definition, would any individual constituent group of a public employer then be able to apply separately under the provisions of this section? Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker. No.

DEPUTY SPEAKER ALTOBELLO:

Representative Candelora.

REP. CANDELORA (86th):

Thank you, Mr. Speaker. So the individual -- constituent groups that would be able to apply separately under this definition would be limited to boards of education, quasi-public agencies or public libraries? Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker. Yes, as it reads.

DEPUTY SPEAKER ALTOBELLO:

Representative Candelora.

REP. CANDELORA (86th):

Thank you, Mr. Speaker. And when we use the term

"quasi-public agency" as it refers to I guess a subset of a municipality, could the gentleman give -- give me an example of what that contemplates? Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker. I don't know the exact definition, but there is a statutory definition of a quasi-public agency.

DEPUTY SPEAKER ALTOBELLO:

Representative Candelora.

REP. CANDELORA (86th):

Thank you, Mr. Speaker. In the process by which these particular groups within a municipality would be able to make application to the State for pooling purposes, I -- I know there's some general language here in lines 121 through 126 which states that it's -- it's a permissive subject of collective bargaining.

So then I imagine these particular constituent groups which may be affiliated with -- with a union would be able to, through the negotiation process, sit down with their municipality and possibly opt into this section. And there -- there isn't necessarily

language here that -- that talks about how they would go about that, but as I read this I would assume that the Legislative body of that municipality would be the ones that would have to approve this process, similar to our underlying collective bargaining laws for any benefits that municipal employees may be seeking. Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker. I believe it's a permissive subject of collective bargaining, so I -- I think both parties would have to agree.

DEPUTY SPEAKER ALTOBELLO:

Representative Candelora.

REP. CANDELORA (86th):

Thank you, Mr. Speaker. So in terms of a municipal employee group, you know, the public library. Say the public library, the employees of that public library would be collectively bargaining with that municipality and they put on the table that they want to join in the State's pool and the municipality may agree to that, they would have to go through that contracting process and I guess, in the

normal course, like in most towns, would have to go through the Town Council or possibly through a town meeting if -- if that's the form of government, in order to -- and get approval in order to make application? Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker. I believe that would be the process.

DEPUTY SPEAKER ALTOBELLO:

Representative Candelora.

DEPUTY SPEAKER ALTOBELLO:

Thank you, Mr. Speaker. And then in the situation where a board of education may want to join a State pool, you would have the teachers collectively bargain through the board of education -- I know our State Statutes have the counsel -- or -- excuse me -- have -- can have a member of the town sit in through that process. Once a contract is negotiated and bargained for, it would go to the Legislative body for approval.

So under this statute, if a board of education would like to make application on its own for -- for

pooling purposes, the board of ed approves it, would the Town be required to approve it prior to the application going to the State? Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker. It would just go through the normal collective bargaining process of -- ever what that might be. Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Candelora.

REP. CANDELORA (86th):

Thank you, Mr. Speaker. So specifically the languages in 23 through 24, which permits a municipality and a board of education to be considered separate employers, that language is attempting to allow a municipal group to apply separately if they want to and a board of ed to apply separately within a Town if they want to. But that language is not attempting to change any of our current laws that are on the books for collective bargaining and how they would negotiate and obtain any benefits? Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker. I believe so.

DEPUTY SPEAKER ALTOBELLO:

Representative Candelora.

REP. CANDELORA (86th):

Thank you, Mr. Speaker. So specifically that language is just allowing -- is only allowing each group if they so choose to make a separate application for this benefit? Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker. I believe so.

DEPUTY SPEAKER ALTOBELLO:

Representative Candelora.

REP. CANDELORA (86th):

Thank you, Mr. Speaker. And then in lines -- beginning lines 90 -- excuse me. In lines 90 through 99 there is language dealing with the Comptroller being required to take actions necessary to ensure that this -- these pooling provisions would not implicate the Employment Retirement Income and

Security Act.

So as I understand the way ERISA works is currently Connecticut is treated as a governmental plan and therefore we are exempt from any of the requirements under ERISA. And we've certainly had this debate in the past of what implications, if we allowed the private sector into our plan, that would have on us being treated as a governmental plan.

And under these provisions, there -- there is an OLR report and there's discussion that a -- the Comptroller or an agency could make a request to the Department of Labor prior to accepting any private-sector employers into the plan to determine whether or not acceptance of those private-sector employers into the plan would jeopardize the State's treatment as being a governmental plan.

And so as I read this under Sections 90 through 99, is that effectively not only requiring that the Comptroller makes sure that we are in compliance with ERISA, but the Comptroller would have authority then under that provision to make a request to the Department of Labor to determine whether or not the acceptance of those -- private-sector individuals would violate ERISA? Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Megna.

REP. MEGNA (97th):

I believe so. Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Candelora.

REP. CANDELORA (86th):

Thank you, Mr. Speaker, and I appreciate the good Representative's answers to my questions. This has just been one area of the bill that I -- I've certainly been concerned with in the past. I continue to -- to be a little bit concerned. I think that it makes sense that we've removed small employers from this provision for now because there is no state, as I know, there's no state in the country that does allow private-sector employees into governmental plans.

So I'm a little concerned that we are including nonprofit employers as being able to -- to join this pool just because it may implicate ERISA. And the dangers of us implicating ERISA into our governmental plan is that once the State of Connecticut gets classified from a governmental plan and possibly treated as a private plan, there will be a whole host of requirements that the State of Connecticut would

have to adhere to.

I'm glad to see that this language in Sections 90 through 99 has been reformed to make sure that the Comptroller is required to -- to assure that the State of Connecticut's plan would not be violated, and I think the shall language is certainly important to -- to be included here because I think the Comptroller -- there is an opportunity under federal law for the Comptroller to make application to the Department of Labor. I wish we expressly said that because I think it would make it very clear, but that those requests could be made because as I understand it there is de minimus rules that are put in place in the federal government that as private employers are included in plans, it could be point one percent, point two percent of a plan, and at some point those de minimus numbers will become significant and it will trigger us to be treated under ERISA laws and I don't think there's a clear indication of when that will happen.

So I would think that at each point in time potentially that we're accepting in nonprofit employers, the Comptroller should make -- be required to make application to the federal government, because by merely having the definition include nonprofit

employers that have -- that are receiving State monies in excess of 50 percent of their gross revenues, I don't think that really protects us. I think that those nonprofits would still be treated as private entities.

I -- I could be wrong, but it seems so, and just looking at the history throughout federal law, we've allowed -- they've allowed pooling in other states, but they've limited that pooling to schools, to universities, and to municipalities. And so I think that it probably would have behooved us to do the same rather than trying to push this envelope a little bit further because I think given the expense of our State plan, I really don't think that nonprofits are going to find our plan affordable for them so they may not even invoke it, but why run this risk of even including them?

The other Section I -- I do have some concerns with is how we are treating boards of education and municipalities in this pooling process. We talk so much about making sure that we're protecting municipalities and making sure that we're not adding expense to their budgets and -- and I'm concerned that this particular provision could -- could do that.

There are some -- there are some Towns and Cities in Connecticut that may want to take advantage of being able to pool with the State. I think that the past has shown us that most Cities and Towns would not benefit from these provisions because they've already seen efficiencies from having their own plans, and that the Connecticut health care system is too rich for them to afford and I can understand that.

But I'm concerned what we're doing here in lines 21 through 24 in the definition is we're creating a potential sort of gain here for municipal units to play, because what we're doing here is rather than having a municipality be able to enter the pool being in or out 100 percent or zero percent which a lot of their health care plans I think are done -- especially in our small towns, we don't bifurcate the way our -- employees bargain for health care.

The Towns benefit from cost savings by pooling all of their employees, whether it be municipal and boards of education into one -- into one unit when they're making application for health insurance. And so I think that it would -- it would have been beneficial to sort of mirror that provision and so that if a municipality wants to opt into the State

pool, they need for their board of ed and for their Town to get on board with it.

And what we've done here potentially is we've bifurcated it into boards of education, to quasi-public agencies, to public libraries, for each of them potentially to be able to make separate applications. And by doing that I think it is problematic for our Towns because not they're going to have to bargain these things separately.

And I understand it is permissive, but it's sort of another hurdle, you know, putting on the -- the chief elective hat, the mayor's hat or the board of selectman's hat -- it -- it's another tool that they're going to have to sort of bargain around that may actually end up costing them money in the long run.

Especially if a board of education -- I know in my town if my -- our board of education decided we want to pool with the State, that's going to cost our town a lot of money because to lose those individuals and have them go into the State would increase on the Town side the benefits they would have to pay because they're going to lose those employees potentially.

And then the Town may -- may lose out even more

because if the State benefits are richer than the Town benefits, now they're going to end up having to pay for those added benefits. And the way a board of education works, as I understand it, is that they collectively bargain with the board of education and then that contract is given over to the Town for up-or-down vote, and if the Town rejects that contract it could go to binding arbitration.

But we've had situations, I know in my town, where the board of education has said, you know what, we'll just stipulate to an agreement and get around the -- the Legislative body's rejection and so that what they can do here under this provision is make application to go into the State pool. The board of ed could sign off on that. It could cost the Town money and they could vote to reject that, but I think that they could just do an end-around by stipulating to an agreement and make the application to the State. And so now the -- the Town is going to get whacked twice. They're going to be paying for health benefits that are going to cost them more money on the board of education side, and it's going to cost the municipality more money because they're not going to have as many people in their pool and now they're

going to have a dual process.

So I -- I think it -- I was happy to see that we've -- we've watered down the amendment because originally the bill had required them to bargain separately. We've now made it permissive, but I think under current law we still have the same problem because the boards of ed and a lot of -- power to sort of do this on their own.

And so I just think that this is something that could really bite many Towns down the road, especially, I know the way my Town is set up, it could bite our Town. And when we -- we see the budgeting process so many times, board of eds get pitted against municipalities. It's not good for the town. It's not good for the education system. And I -- I think that this bill will just perpetuate that and so therefore I just can't support it on this particular provision alone. Thank you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Thank you, Representative Candelora.

Representative Alberts, you look ready. Would you like to comment on House "A"?

REP. ALBERTS (50th):

Absolutely, Mr. Speaker, and I'd like to bid you

a good afternoon as well.

DEPUTY SPEAKER ALTOBELLO:

Good afternoon to you, sir. Please proceed.

REP. ALBERTS (50th):

Thank you, Mr. Speaker. I have several questions to the proponent of the amendment that's before us.

DEPUTY SPEAKER ALTOBELLO:

Please proceed.

REP. ALBERTS (50th):

Thank you, Mr. Speaker. In Section 11, and I'm -- I hope this is going to the proponent, the Cochairman of the Insurance Committee. Section 11 deals with the Office of Health Reform and Innovation and there's a reference to a working group that will be convened and I'm looking for a little bit more information in this working group. Is the purpose of the working group to develop the plan, or is the -- is this plan also going to entail implementing the initiative? Is it just the early phase of this process that the working group is going to do, or is it going to continue past that to actually do the work that's envisioned? Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Without objection, I'll route that toward the

Cochair of the Public Health Committee, Representative Ritter.

REP. RITTER (1st):

Thank you, Mr. Speaker. As I understand the question, it concerns Section 11 and the specifics around the charge to the working group. And I will refer the Representative to lines 46 -- lines 466 and 467, where it states that the working group is to develop a plan to implement a statewide multi-payer data initiative. The purpose would be to enhance the State's use of health care data, and it goes on. Thank you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Alberts.

REP. ALBERTS (50th):

Thank you, Mr. Speaker. And is there a timeframe here for this working group to complete their plan? Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Ritter.

REP. RITTER (1st):

Thank you, Mr. Speaker. There is not a timeframe in the bill.

DEPUTY SPEAKER ALTOBELLO:

Representative Alberts.

REP. ALBERTS (50th):

Thank you, Mr. Speaker. Is there one that the -- that Representative Ritter was envisioning that might be some guidance in terms of what we might be looking forward to? Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Ritter.

REP. RITTER (1st):

Thank you, Mr. Speaker. And that's a -- good question. I thank the Representative for directing our attention to this. But I would also like to point out that this is done under the direction of the Office of Health Reform and Innovation and it is directed by the Governor's -- I'm sorry, I'm losing track and forgetting the title -- directed by the -- Special Advisor to the Governor on Healthcare Reform. I would expect the guidance would come from there, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Alberts.

REP. ALBERTS (50th):

Thank you, Mr. Speaker. And looking at this, too, there is not specific guidance in terms of who

the working group reports to and -- and any guidance that the proponent could direct me to in terms of who their -- their initial efforts should be directed to. Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Ritter.

REP. RITTER (1st):

Thank you, Mr. Speaker. And again I will point out that since this is -- is a charge to the Office of Health Reform and Innovation, I think there is an assumption they would report -- and the information would go there and the balance would be determined by that Special Advisor.

DEPUTY SPEAKER ALTOBELLO:

Representative Alberts.

REP. ALBERTS (50th):

Thank you, Mr. Speaker. And was there a thought that there would also be sharing of this information with the General Assembly, perhaps particularly the public health committee? Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Ritter.

REP. RITTER (1st):

Thank you, Mr. Speaker. There is nothing in this

bill, Mr. Speaker, that prevents the sharing of any and all of this information.

DEPUTY SPEAKER ALTOBELLO:

Representative Alberts.

REP. ALBERTS (50th):

Thank you, Mr. Speaker. I do thank the proponent for her answers. Moving on, and again, I'm not sure if she would be the right individual to respond. I have some questions related to Section 13 dealing with the Office of Health Reform and Innovation. Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Please proceed.

REP. ALBERTS (50th):

I'm looking for some information or some background in terms of the -- the relationship here between the Office of Health Reform and Innovation and the Special Advisor to the Governor on Healthcare Reform. I'm trying to understand the methodology in which this structure was put together. Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Ritter.

REP. RITTER (1st):

Yes, thank you, Mr. Speaker. Mr. Speaker the -- excuse me -- Office of Health Reform and Innovation would be housed in the Lieutenant Governor's office but would be overseen by the Special Advisor to the Governor on Healthcare Reform.

DEPUTY SPEAKER ALTOBELLO:

Representative Alberts.

REP. ALBERTS (50th):

Thank you, Mr. Speaker. And is there -- what is the rationale for that delineation? Is there -- are efficiencies to be gained in that? Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Ritter.

REP. RITTER (1st):

Thank you, Mr. Speaker. Mr. Speaker, I will refer the Representative to the charge to the Office of Health Reform and Innovation and that charge encompasses the potential to look across agencies within the Administration and that was perhaps some of the genesis of the location.

DEPUTY SPEAKER ALTOBELLO:

Representative Alberts.

REP. ALBERTS (50th):

Thank you, Mr. Speaker. Going further in the bill to Section 14, I had a question related to line 657. There's reference to a number of individuals -- well, just prior to this there's reference to the SustiNet Health Partnership board of directors and there's delineation in -- beginning in line 656 in terms of different segments that these folks will hail from. In line 657 there's a reference, one of whom shall represent small businesses, and I wasn't sure reading this is -- is the intent for a small business owner to be one of these individuals? Or is this to be someone who could represent a larger body of folks, perhaps a member or representative of CBIA for example? Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Ritter.

REP. RITTER (1st):

Thank you, Mr. Speaker. When I look at line 657, Mr. Speaker, I think one would reasonably conclude that the intent is that it be someone fully and adequately prepared to represent small businesses and their interests.

DEPUTY SPEAKER ALTOBELLO:

Representative Alberts.

REP. ALBERTS (50th):

Thank you, Mr. Speaker. So would that be an employer who employs 50 or fewer employees? Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Ritter.

REP. RITTER (1st):

Thank you, Mr. Speaker. That is a generally accepted description of a small business and I don't think it's unreasonable to think that it could apply.

DEPUTY SPEAKER ALTOBELLO:

Representative Alberts.

REP. ALBERTS (50th):

Thank you, Mr. Speaker. And I thank the -- the lady for her response. Going further in the bill to line 680 through 687, there's contemplation about the expiration of the initial terms of the five cabinet members that are appointed by SustiNet Health Partnership board of directors, and it appears that the successor cabinet members will be one appointed by the Governor, one appointed by the President pro tem of the Senate, a third appointed by the Speaker of the House, and two appointed by majority vote of the appointed board members.

And I'm just curious why the -- we have two appointed by a majority vote of the appointed board members, but there's no reference to the appointments by the minority leaders of either the Senate or the House and any background on that would be much appreciated. Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Ritter.

REP. RITTER (1st):

Thank you, Mr. Speaker. Mr. Speaker, I believe that those named individuals in a -- in the lines previous have appointments to this group.

DEPUTY SPEAKER ALTOBELLO:

Representative Alberts.

REP. ALBERTS (50th):

Thank you, Mr. Speaker. Yes, they -- that is correct that they do, but by the same reference point the individuals cited in A, B, and C also have previous appointments, so it appears that there's no minority representation in the five cabinet member appointments here, and it seemed a little out of order.

And I know we're contemplating Amendment "A", but if -- if the proponent would consider it a friendly

amendment, we do have an amendment subsequently that we can introduce that would change the two appointments by a majority vote of the appointed board members to one representative from the House appointed by the Minority Leader of the House and one from the Minority Leader of the Senate. Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Ritter.

REP. RITTER (1st):

Thank you, Mr. Speaker, and I'll give a little background for just a moment, Mr. Speaker. Actually a lot of thought went into this section and it was somewhat difficult because the appointing authority, as you can see ultimately at the end of this bill, the existing SustiNet board of directors disappears and so there is not an easy mechanism for reappointment.

And in the discussion, it also became apparent that this is something that would not happen, I believe for five years. I might be wrong. It might be somewhat fewer than five years, but it's -- a bit of time will expire. The rapid pace of change in the entire discussion around health care reform actually might make it more provident for us to adopt a wait-

and-see attitude on this. And I don't mean to imply that the suggestion is -- is devoid of merit. I might instead suggest that we keep it in mind for the future as we see how this plays out, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Alberts.

REP. ALBERTS (50th):

Thank you, Mr. Speaker. I'm -- basically presuming that's a no, but I do notice that there is no minority representation here in the group. I think that the minority leaders of both Chambers are just as able in that small group of five -- again, the subsequent follow-on group, I think that they are well able to appoint people to fill in the capacities just as the majority leaders of both Chambers can do, and I would hope that it would be considered a friendly amendment subsequent to this amendment. Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Thank you, Representative Alberts. Further questions or --

REP. ALBERTS (50th):

Well, thank you, Mr. Speaker. There are many good points that are in this -- in the bill that is

before us. You know, I struggled, as Representative Schofield did -- mentioned earlier, there are some elements here that are truly good elements that we should endorse and wholeheartedly be behind, but I think in balance I'm troubled by the -- by several areas, and for that reason I do expect to be voting against it. Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Thank you, Representative Alberts.

Moving up the row, Representative Sampson of the 80th, you have the floor, sir.

REP. SAMPSON (80th):

Good afternoon, Mr. Speaker, and thank you for recognizing me.

DEPUTY SPEAKER ALTOBELLO:

Good afternoon.

REP. SAMPSON (80th):

I guess I have a couple of questions regarding Section 18 and Section 19 of the amended bill and I --

DEPUTY SPEAKER ALTOBELLO:

One moment, please.

I believe you said you had a -- questions about Section 18 and Section 19?

REP. SAMPSON (80th):

Yes, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Please proceed, sir.

REP. SAMPSON (80th):

If I could direct those questions to the proponent of the amendment.

DEPUTY SPEAKER ALTOBELLO:

Please proceed.

REP. SAMPSON (80th):

I think I'd like to start with just asking for a clarification of what Section 18 actually does. I've read the section several times myself. I think I have a pretty good handle on it, but I would like to hear from the proponent of the amendment their interpretation of the language contained in Section 18. Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Thank you.

Representative Megna.

REP. MEGNA (97th):

What it does, it clarifies -- through you, Mr. Speaker -- the -- preauthorization process to assist the providers in undertaking their services. Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Sampson.

REP. SAMPSON (80th):

Thank you for that answer, and through you, Mr. Speaker. So it assists the insurance companies in their processing of preauthorizations. I was hoping we could be a little bit more specific about what the section actually requires of the insurance company and how it changes current statute. Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Did you have a -- a question, Representative Sampson?

REP. SAMPSON (80th):

My initial question was to ask what the section of the bill does, and I don't know that I got an answer other than a general response, and I'm looking for a clarification of what the section of the bill actually does. I can make my own interpretation, but I would prefer to hear it from the proponent of the amendment first. Thank you. Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Megna.

REP. MEGNA (97th):

Thank you, Mr. Speaker, and I apologize to the Representative. But what it does, it prohibits insurers from reversing or rescinding -- preauthorizations unless they have notified the provider at least three days -- three business days prior to the treatment. And essentially that's that section, Section 18.

DEPUTY SPEAKER ALTOBELLO:

Representative Sampson.

REP. SAMPSON (80th):

Thank you, appreciate that answer. So if I understand this correctly, a preauthorization is issued for an insurance claim to have some kind of surgery performed or something like that, would remain in effect and in full force unless an insurance company prior to three days before the service being performed issued some sort of notice that they were rescinding the preauthorization. Is that correct? Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker. Yes, that's correct,

sir.

DEPUTY SPEAKER ALTOBELLO:

Okay, and in general I -- my understanding is that preauthorizations are typically for scheduled -- scheduled types of surgery like a knee surgery or something like that, it's not for any kind of emergency care. Is that also correct? Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker. I -- I believe so, but it could be many different procedures.

REP. ALBERTS (50th):

Okay.

REP. MEGNA (97th):

Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Sampson.

REP. SAMPSON (80th):

That's a fair answer. I'm just looking to understand the material myself. I'm wondering if there is -- was some specific event or series of events, insurance department complaints, something

that precipitated the need and desire to put this section within the amendment. Is there such a thing? Through you, once again, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker. Off the top of my head, this has been an area of debate for several years in front of the Insurance Committees and many physicians and providers have testified that there was a need for some types of reform here and, you know, as a result of that the Section 18 is in this bill. Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Sampson.

REP. SAMPSON (80th):

Thank you, Mr. Speaker, and I appreciate that answer. I guess what I'm asking really is what need does this bill address. I guess that's where -- where I'm lacking. I understand now what it does, it essentially requires insurance companies to honor their preauthorizations unless they give some kind of due -- rescission of that authorization three days prior to the service being performed.

I just -- I don't know that this is an ongoing problem. Are -- let me think of a specific question. Is it the case that insurance companies are failing to pay claims for preauthorized work that they should have been paying for? Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker. That's a possibility, yes.

DEPUTY SPEAKER ALTOBELLO:

Representative Sampson.

REP. SAMPSON (80th):

Thank you, Mr. Speaker, I know it feels like we're playing tennis. The way I read the bill is it's going to -- the only thing it could possibly do is potentially have an insurance company pay for something that they shouldn't be responsible for, and forgive me, I, as much as anyone else in this Chamber, wants to see insurance companies honor their preauthorizations and certainly for things that they are definitely responsible for.

But I see that the -- the wording in Section 18, it seems to me that the only thing that can possibly

do is pay a required insurance company to honor a preauthorization that they were not responsible for. Is there any example you could give me where the insurance company might have rescinded something that they were responsible for and this bill would prevent that from happening? Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker. No, not off the top of my head.

DEPUTY SPEAKER ALTOBELLO:

Representative Sampson.

REP. SAMPSON (80th):

Thank you for that answer. I understand it's difficult to do right off the top of your head. Let me use an example. Suppose you have someone that schedules a knee surgery, an elective surgery, and they receive a preauthorization for 60 days from the date that they received the preauthorization. Maybe 40, 45 days later, they are fired for cause from their job and of course their employer is required to notify the insurance company that they're no longer employed with them so that they can make arrangements to take

them off the insurance and so forth.

But during this period, it takes a little bit longer than that so the insurance company is unaware that this person is no longer employed and consequently they do not rescind the preauthorization within the time period allotted and the employee, even though they should know full well that they no longer have this insurance protection, goes and has their surgery just the same. The way I understand this bill, the insurance company is required to pay for that claim. Is that correct? Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker. Yes, but the -- the obligation to pay that carrier still exists I believe. Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Sampson.

REP. SAMPSON (80th):

Thank you for that answer. So my understanding is correct, that this bill would in fact enable folks that are not entitled to get insurance protection to

receive payment for their claim even though they're not entitled to it by virtue of the fact that the insurance company is unaware and thus unable to provide the required rescission. Is that correct? Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker. I would say that if the insurer uses a due diligence in the process, that probably would not be the case. Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Sampson.

REP. SAMPSON (80th):

Thank you. I want to move on to Section 19, but I'll just say that, to me, that's the only -- I've gone through several examples in my head about what situations could possibly arise where Section 18 might come into play, and I can't think of a single example where this is protecting someone who legitimately deserves insurance protection. It only ends up providing money to pay a claim for someone that does not deserve it, that caused the insurance company to

unwittingly be unaware of their circumstances and thus pay a claim that they're not entitled -- legitimately entitled to. To me it's a mistake to be including it in this amendment.

But with that, I'm going to move on to Section 19 which I want to start by saying that I want to associate myself with the comments from Representative Schofield. I thought she was quite eloquent and she covered pretty much all the bases that I wanted to as well.

Let me say that I'm opposed to this section of the bill for the simplest of reasons. The first one is that I think that this is something that the government should not be involved in. This is a dispute between dentists and insurance companies, a contractual dispute. When this body starts getting involved in determining and negotiating contracts for different parties in a dispute like this, I think we've overstepped our bounds.

The other reason is that I believe it's going to raise the cost of dental insurance. Is it a good idea what's in the bill that being said? That's hard to say. I think whether it's a good idea or a bad idea to prohibit insurance companies being able to force

dentists in their contracts to charge whatever they wish for noncovered services, again, that's -- that's a decision that I think should be outside our purview.

But assuming that it is, there's no doubt that it's going to change the -- the resulting way dental insurance is sold.

It is my understanding that there are about a dozen other states that have passed similar law in the last year and a half or so. Unfortunately I couldn't find in my research anything that really showed me what has happened since, whether or not this has affected the premiums for such insurance, or whether or not coverage was harder to obtain, something like that.

So I guess that's my concern. The way dental insurance is sold in Connecticut is much like a discount prescription card. It's not full insurance like you might have from a health insurance company; it does not cover everything. It's -- that's the reason why it's so inexpensive. I mean a typical dental insurance policy is 25 or $30 a month and of course it covers a very limited number of things. It probably covers a couple of cleanings, maybe an X-ray or two, but beyond that it is probably merely, you

know, for show rather than anything.

But the one benefit that this Section 19 proposes to affect is one that the consumer, I believe, is aware of and that is that they are getting the benefit of paying for noncovered services at the rate that their insurance company has negotiated for them. Passing this bill is going to of course remove that benefit, and as I said, whether you think that's a good idea or a bad idea, there's no question it is going to increase the amount that dentist's charge for those same services, otherwise we wouldn't have this bill before us.

The only other alternative is that insurance companies will start offering a more full and comprehensive type of dental insurance which will do the same thing. Of course there will be more things covered, but it's certainly going to cost more. And like so many other things we talk about in here, you get what you pay for. The reason why dental insurance is so inexpensive is because it doesn't cover much.

I do have a question actually. Can I ask a question through the proponent -- through the Speaker, forgive me -- to the proponent of the amendment on Section 19?

DEPUTY SPEAKER ALTOBELLO:

Surely. Please proceed, sir.

REP. SAMPSON (80th):

Lines 933 through 936 is, from what I can tell, looks to be a carve-out that says that this particular law that would prohibit insurance providers from dictating what a dentist might charge for noncovered services will not apply to self-insured insurance plans or contracts that are negotiated through a collective bargaining agreement. Is that correct? Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker. You've read that correct, sure. Yes.

DEPUTY SPEAKER ALTOBELLO:

Representative Sampson.

REP. SAMPSON (80th):

Through you, Mr. Speaker. Can I ask just a simple question why that is? Is there a reason why we are specifically carving out self-insured insurance plans and those negotiated by collective bargaining agreements? Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker. We didn't want to have any type of fiscal impact to the State of Connecticut. Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Sampson.

REP. SAMPSON (80th):

Thank you for that answer. So I take that to mean that there is indeed a likelihood of a fiscal impact on the State were we not to do that. Is that correct? Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker. That's possible, yes.

DEPUTY SPEAKER ALTOBELLO:

Representative Sampson.

REP. SAMPSON (80th):

Thank you again for that answer. So I think that clears it up. I think that it's obvious from the fact that that provision is included in Section 19 that there is indeed a cost that would be associated with

including this had it applied to the type of insurance that we all have here in this Chamber, a self-insured plan or anything negotiated via collective bargaining. So that would mean also to me that it's certainly going to affect the cost of insurance for everyone else that that carve-out does not apply to.

So let me just finish up Section 19 by saying that I fully understand the plight of the dentists. I completely get it. I've heard from dentists in my own district who complain that they feel as if they're presented with a take-it-or-leave-it kind of attitude. This is the -- the -- our requirements as an insurance company that we're going to put on you if you're going to participate in our plan and thus partake of our mutual clients. I completely get that.

I have to weigh that though against my concern about us jumping in the middle and picking a winner and a loser as we often do. I would much rather see us find a way to help the dentists negotiate themselves so that they have a better shot at negotiating with the insurance companies for a more fairer plan, and I would offer to the Chairman of the Insurance committee that I would really, really like to work on that possibility.

But as it stands, I think Section 19 is a mistake. I think it is us overstepping our bounds, picking winners and losers as I said before, and as a result I am opposed to that section as well. That's the end of my comments, Mr. Speaker. Thank you very much, and thank you also to the Chairman of the Insurance Committee for his answers. Thank you.

DEPUTY SPEAKER ALTOBELLO:

You're very welcome, sir.

Representative Lavielle of the 143rd, you have the floor, madam.

REP. LAVIELLE (143rd):

Thank you very much, Mr. Speaker. Good afternoon. I will give the proponent of the bill a little relief from the line-by-line dissection of the bill, but I do have a couple of more general questions, if I may, through you, Mr. Speaker and a couple of observations.

I'm -- I'm going to address -- to go back to Sections 1 through 8 because there are some things there that I find preoccupying. And actually I -- I would like to, through you, Mr. Speaker, simply ask the question to the proponent of what is -- I -- I -- we've had a long explanation, and many of them, about

what the things that this, technically that this section does. But more generally, I would like to ask the proponent what the objective is. What is the goal? Why are we proposing to do this? Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Megna.

REP. MEGNA (97th):

Thank you, Mr. Speaker. Just for clarity, the good Representative means -- is talking about Sections 1 through 8? Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Lavielle.

REP. LAVIELLE (143rd):

Through you, Mr. Speaker. Yes.

DEPUTY SPEAKER ALTOBELLO:

Representative Megna.

REP. MEGNA (97th):

Thank you, Mr. Speaker. The goal is to create, I guess, quality health care for municipal employees who -- they're us, too. You know, sometimes we think about the State. The State is important, that's everybody, but municipal employees, too, Mr. Speaker, are -- are people that we need to be concerned about.

We need to be concerned about our towns. We need to help them, so part of the goal is to help them out, help them financially, help them with quality of health care.

And same with the nonprofits. I mean much of their funding, as in this bill, is derived from the State. We see a benefit. We see a benefit by trying to help them out, trying to help increase their quality of health care and to make it as affordable as possible. So I believe overall that is the goal. Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Lavielle.

REP. LAVIELLE (143rd):

I thank the gentleman for the answer. The -- according to the fiscal note, the State plan now covers approximately, give or take, 200,000 lives. If I understand from the fiscal note, nonstate public employees and dependents and retirees, there is a potential 570,000 lives that could be covered if they all subscribe to this. Do we know, through you, Mr. Speaker, how many of those people are currently insured? Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Megna.

REP. MEGNA (97th):

Mr. Speaker, if I may, could you please -- repeat the question? Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Lavielle.

REP. LAVIELLE (143rd):

It's my pleasure, Mr. Speaker. The -- the fiscal note indicates that we've got about 200,000 people on the State plan at the moment, retirees, actual employees and dependents, and indicates that there are approximately 750,000 lives that would be eligible for coverage through this plan in nonstate public categories. Do we know how many of those people are currently insured in any way? Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Megna.

REP. MEGNA (97th):

Thank you, Mr. Speaker, through you. I -- I don't know the answer to that question.

DEPUTY SPEAKER ALTOBELLO:

Representative Lavielle.

REP. LAVIELLE (143rd):

Thank you, Mr. Speaker. Do we have any reason to -- I -- I would submit that in my town and the other -- the city that I represent, there's a quite good municipal health care plans and I wondered if we had any reason to suspect that that is generally not the case in other towns, or it is rarely the case, or is it quite often the case? Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker. I don't really know the answer to -- that question, but this is an option that may help some of those municipalities. Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Lavielle.

REP. LAVIELLE (143rd):

Thank you, Mr. Speaker. Let me -- let me address something else in the fiscal note because I'd like to clarify my own understanding of what I read there about this part of the bill. In terms of -- were all this to be implemented, and a certain part, a certain portion of these 700 -- sorry, I made a mistake earlier. It's not 750,000, it's 570,000 in the

nonstate public category and 170,000 nonprofit.

If a significant portion of these people were to join the State plan, the fiscal note says that in the first year, were there to be a one-percent rise in claims, we'd have a 12-million-dollar rise in cost to the State, 62 million if there were a five-percent rise in claims, but we don't exactly know.

But we don't anticipate, if I'm correct, that implementation of this part of the bill would lead to a diminution in costs to the State, and in terms of the impact on Cities and Towns, were there employees and their dependents and so on to join the plan, it's unclear as to whether that would be a savings or an extra -- we really don't know right now. Am -- am I correct in this if I've read the fiscal note properly? Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker. Correct, we really don't know right now, but it's our hope that there will be a savings. Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Lavielle.

REP. LAVIELLE (143rd):

Thank you very much, Mr. Speaker, and I thank the gentleman for that answer. I'm -- this part of the bill for me -- raises some questions about priorities. There -- there are some -- some parts of this bill that I could support without any question, without any problem, looking into Sections 13 and 14, looking into a framework for the future for the State to provide health care to the general populous and so on. I -- that's laudable. I have -- I have no problem.

But this part of the bill I find perplexing in terms of -- of priorities. As our colleague Representative Candelora said earlier, it covers what we're calling nonstate public employees and their dependents, and it covers nonprofits. It doesn't extend to small businesses, and probably the way it's structured, appropriately so.

But again, as -- as Representative Megna said a few moments ago, the goal of -- of this part of the bill, while maybe is too improve health care options form municipal employees, many of whom already have them, but we're not quite sure how many do. There's a lot of uncertainty in this part of the bill and I -- and I say this with all due respect. I understand

there's an effort to do a lot of things here and as I say there are many things here I -- I would support with no problem.

But if I go back to the very first presentation of this year's budget that I heard Governor Malloy give in this Chamber, he said the highest priority we have now is job creation. The highest priority we have is making this place business-friendly and making jobs come back.

In the last several months, I've spent so much time talking to small business owners, one in my district who owns a machine shop. He used to have 10 employees, he has one now and himself. One of the reasons he cites to me frequently for the reduction in his staff is that he can't afford to provide insurance benefits. He can barely afford them for himself. You add the insurance cost to the energy cost and so on, it's -- it's very difficult.

I have another constituent who is a contractor. He fixes things in people's houses; he does renovations. He actually can't afford his own insurance right now so he's operating without it.

The -- the insurance costs for business are -- are absolutely insupportable at moment, and as we all

know there's -- there's sort of three aspects to insurance. There's cost, there's coverage and there's access. Individuals have a terrible access problem.

Yesterday in the Higher Ed forum about -- about the UConn project, everyone kept saying it's about jobs, it's about jobs, and I -- that is not necessarily tied to this bill, but if we're doing nothing to help businesses, we're not paying attention to that priority.

Now we know that Connecticut, we all know that and it's very pertinent on this Chamber, that the State of Connecticut has an excellent health care plan for its employees. In many respects, it exceeds the coverage benefits offered by the federal government. It's wonderful and you might say it's not even the Cadillac, it's the Rolls Royce. It's expensive and in this first part of the bill we're -- a lot of time and I can tell a lot of very serious effort has gone into how can we provide this plan to more government workers.

And I have to tell you I'm -- I'm troubled with this. I'm troubled by this at a time when jobs, the private sector, the growth of the economy, has got to be front and center for all of us. We're not sure if

this is going to cost money, we're not sure if it's going to save money, and it's not addressing the part of the population that really, really, terribly badly needs the help. Desperately maybe I would say. What it's doing is it's extending the reach of the State government and expanding it to hold even more tightly onto people who already work for government in some way.

And again, with all due respect, and I -- and I mean that sincerely, it's -- I think in the times we are in, that we are experiencing, where job creation and the economy have to be front and center for us, it's a bit myopic, and I think it's distracting us from what ought to be our major purpose. It's government thinking about itself instead of thinking about the individuals that it serves and who are paying for it to exist.

So there -- as I say, there are parts of this bill that I can support, but when I see so much focus on perpetuating the -- the reach and the cost and the extent of our State government which is already so big and so present to us, I -- I don't think it's the proper focus for us now, and because of that I reluctantly will not be supporting the bill. Thank

you so much, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Thank you, Representative Lavielle.

Let's see. Representative Thompson of the 13th, you have the floor, sir.

REP. THOMPSON (13th):

Thank you, Mr. Speaker, good afternoon. I will be brief as usual.

DEPUTY SPEAKER ALTOBELLO:

The Chamber would appreciate that, as always, Representative Thompson. Please proceed.

REP. THOMPSON (13th):

I -- I would like to speak with a slightly different spin on -- on -- I'm speaking to the amendment, and I'm speaking as if it will be the bill and -- but I want to begin by saying that like many other people in this room -- I had a setback health wise many, many, many years ago when I had diphtheria as a child. In those days, children were in mortal danger and I was a survivor.

Now some 20 years later, almost nobody had diphtheria and I think the last time I saw an outbreak of diphtheria was in Russia, and that was about a good 10 years ago, and that was knocked off fairly

routinely by the Russian medical people, but they had an outbreak.

So -- and that is an example of how medical health care has come a long way with the inventions and so on. A couple years ago I had some trouble breathing and next think I know I had a stent put in my heart and I think it's still there and it's still working and, you know, there's just been all this miraculous surgery and medicine and so on that goes on.

So I would like to approach this Legislation as a -- an effort to expand health care at a reasonable cost to each and every citizen of our state, but especially the poor. And I -- I think if there's a time in our lifetimes that we can do this kind of expansion and make sure that everybody in our state has access to health care.

We see in the national level a health plan being debated and the whole idea is to advance health care to all Americans. And needless to say there are millions of people, insured and uninsured, who do not have access to safe, quality health care and that includes our own state.

A few weeks ago, Waterbury had a dental day and

they invited anyone to come in and have their dental work done. Well, if I remember correctly, there are about 2,000 people who showed up that weekend, but interesting, there were enough dental personnel, including surgeons, dental surgeons, including practicing dentists, including dental aides and technicians and everything else, who gave of their time and effort. So we know that the -- the health care professional for the most part is filled with people who want to do the right thing and help people get better and stay better.

So -- also on the same front, the -- we know on a national basis they're debating health insurance, but in the meantime, the Obama Administration followed in a bipartisan way with the -- prior Administration, the Bush Administration, which goes back to the first Bush President who was there when the federally qualified health centers were created under President Johnson, a -- a Democrat. And President Bush was very generous. The original President Bush and the last President Bush carried on that tradition, and every president in between.

And it seems to me that another -- in listening to Representative Ritter and Representative Schofield,

and we even have a medical doctor in our ranks right now. I mean we have some people, quality people with quality backgrounds who can argue both sides of the health care issue, I'm sure, but their hearts are in the right places. They're out there expanding health care.

You heard Betsy Ritter today and you've heard her before; she does a wonderful job in presenting the public health picture. And I see on -- on our State basis in the growth of the federally qualified health centers which I've been talking about.

In my community, there's two hospitals -- represented by a corporation within my community, the Eastern Connecticut Health Network, who provides, administers the Manchester Memorial Hospital, and the Rockville General Hospital. Well, they came to this Legislature and met with our delegation one day, the leaders of the two institutions, the federally qualified health centers. Marjorie, I won't give her last name, and Dr. Peter and -- from the ECHN. And we asked them, what can we do to help those people who do not have access to health care?

Well, the East Hartford Health Center, which has a dental and health -- center in our community said,

well, we have a real problem with getting people access to specialized care. Our role in the whole health field is to provide primary care. We do help out on something special, like mental health care and, let's see -- obstetrics and so on, which attack more of our people than any other problem, and so we would like to do something about access to health care, to specialists.

And the president of the Eastern Connecticut Health Network said the center is going to provide primary care. We have -- and we'll assist in that, and we will provide the specialist care, and we will vet the patient out, and if they're eligible for any kind of health plan, we'll get them into it, but if they don't have anything, we'll provide the specialist, either somebody on our staff we employ, or somebody who has privileges to provide the services. We'll start off with a couple of areas which will -- we hope will cover a good percentage of those people. And we said fine. And this Legislature chipped in $50,000 and they began that program.

And now the University of Connecticut and the medical school and the medical center had a meeting yesterday in which they explained to Legislators their

plans for the future of those institutions. And everyone at the meeting had a chance to ask a question, and Lieutenant Governor Wyman conducted the meeting. We had President Austin, the outgoing president, President -- what was her name -- Alberts, I believe, who was the incoming president, and we had the Dr. Laurencin, the director of the medical school and medical center and two other people representing the university and representing that field and the building.

And somewhere along the line Dr. Laurencin mentioned the public health avenue they were looking at and mentioned the federally qualified health centers. So right at the end we had the opportunity to ask the question and we said something to the effect, everybody can nod their head, I think they're all going to support the federally qualified health center.

Well, Dr. Laurencin jumped up and went to the table and he outlined a list of programs that the medical school and center were going to do in conjunction with the federally qualified health centers, and all of you who have a center in your town know that the whole idea is expansion. So there is

$11 billion in the federal budget to expand that service and they're also building and trying to expand the recruitment of primary care physicians and other people in the public health business and so on.

So the timing is perfect and I think what this Legislation does -- it is not the final say. It says we're going to put this in the hands of people, either members of our government, leaders of our government, health care professionals, federally qualified people and so on, and we're going to give the job to them to shape this Legislation as it moves along.

And all those questions about statistics and other things, information -- we've also passed some Legislation in the past to make sure that some of that health information is passed on in a -- not in a too rapid way, but in a responsible way, between patients and other people interested in the information. There's a control.

I'm not saying this -- right now I can see a couple of people smiling who would explain that part of it much better. But what I'm saying is, let's pass this. We'll be working on it over the next few years. We have an opportunity to access federal dollars. We are going to act -- provide more funding in certain

health care areas. It's an opportune time to do something, and why don't we go ahead and do it?

And all those people who have questions and concerns, somebody over on the other side, I think it might have been -- Representative Albert's question about not having minority representation on one of the groups that it's going to be looking at, and I think the response from the Public Health Chair was a smile and a shake of her head, and I believe she was indicating we can still have somebody, you know, come in from the minority party and participate.

We want people -- I think I do -- we want people to participate and this is an opportunity we should not miss. So I hope we will pass that -- this Legislation or something very close to it and get on with the job. Thank you.

DEPUTY SPEAKER ALTOBELLO:

Thank you very much, Representative Thompson.

Representative Simanski of the 62nd District, you have the floor, sir.

REP. SIMANSKI (62nd):

Sorry, Mr. Speaker. I apologize for that.

DEPUTY SPEAKER ALTOBELLO:

No apology necessary. You have the floor, sir.

REP. SIMANSKI (62nd):

Mr. Speaker, through you. I'm just looking for some clarification on words used in the first eight sections. Basically I'm talking about the Health Care Containment -- Cost Containment Committee, so through you, Mr. Speaker, to the proponent of the amendment?

DEPUTY SPEAKER ALTOBELLO:

Please proceed, sir.

REP. SIMANSKI (62nd):

Thank you. In the first eight sections "Health Care Cost Containment Committee" is used several times, and taking these words literally, I would expect that the charge of this committee would be to in fact contain medical costs and to bring them down. Is that the function of this committee? Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker. Not knowing the exact mission of the committee, I would assume so, yes. Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative --

REP. MEGNA (97th):

At least part of its mission. Thank you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Simanski.

REP. SIMANSKI (62nd):

I thank the gentleman for his answers. And again, taking it literally, I would think that this committee would want to look at the, say the quality of medical care, the efficacy of medical care, necessity, things along those lines. Would that be in the purview of the committee? Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker. I would believe that would be part of it, yes.

REP. SIMANSKI (62nd):

I thank the gentleman for his answers.

DEPUTY SPEAKER ALTOBELLO:

Representative Simanski.

REP. SIMANSKI (62nd):

And through you, Mr. Speaker. That being the

case, if we're going to be looking at such things as efficacy, necessity, and the quality of medical treatment, I would think we would have a requirement for health care professionals who have the expertise to make those decisions. Do those people comprise that community? Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker. I'm not sure.

DEPUTY SPEAKER ALTOBELLO:

Representative Simanski.

REP. SIMANSKI (62nd):

Thank you. I thank the gentleman for his answers. Well then, through you, Mr. Speaker, I would ask who all -- who comprises this committee and what is their expertise that they would be able to make decisions on the health care costs and containment? Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker. I'm not aware of the exact makeup of the committee, but I do know there are

representatives from OPM and the State Employees Bargaining Agent Coalition. Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Simanski.

REP. SIMANSKI (62nd):

Thank you, Mr. Speaker, and I thank the gentleman for his answers. And I would just like to wrap it up by saying it -- it troubles me that we have a committee cited throughout the first eight sections who are talking about health care costs and containment and it's made up with no medical professionals. In fact, it's just made up by union members and OPM and that troubles me and that's my comments. Thank you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Thank you -- thank you very much, Representative.

Representative Tercyak of the Hardware City, you have the floor, sir.

REP. TERCYAK (26th):

Thank you very much, Mr. Speaker. Through you to the Chair of Public Health, please, a question.

DEPUTY SPEAKER ALTOBELLO:

Please proceed, sir.

REP. TERCYAK (26th):

Thank you, sir. For the purpose of Legislative intent, Representative, would anything in Sections 13 or 14 regarding the Office of Health Care Reform or the SustiNet Cabinet affect State employee benefits?

DEPUTY SPEAKER ALTOBELLO:

Representative Ritter.

REP. RITTER (1st):

Thank you, Mr. Speaker. Mr. Speaker, the answer is no.

DEPUTY SPEAKER ALTOBELLO:

Representative Tercyak.

REP. TERCYAK (26th):

Thank you very much, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Thank you all.

Further on House "A". Further on House "A". 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.

Further on the bill as amended? Further on the

bill as amended? Representative Sampson of the 80th, you have the floor, sir.

REP. SAMPSON (80th):

Thank you, Mr. Speaker. That would be the 80th District. Did you say the 85th?

DEPUTY SPEAKER ALTOBELLO:

I thought I said 80th, but.

REP. SAMPSON (80th):

Oh, I'm sorry, I thought you said 85th. Thank you for the -- the clarification just the same.

DEPUTY SPEAKER ALTOBELLO:

Eighty-five is not a bad district either.

REP. SAMPSON (80th):

I'm sure the 85th is a lovely district.

DEPUTY SPEAKER ALTOBELLO:

Just the case.

REP. SAMPSON (80th):

Mr. Speaker, we've had a -- a lengthy and a very, very informative debate over the last several hours with respect to this -- I would call it ginormous bill. There are some areas where there is significant bipartisan support, and then there are some other areas that are at the very least troublesome.

As a result, Mr. Speaker, the Clerk has an

amendment. It is LCO Number -- if I can find it here -- 7611. Would you please ask the Clerk to call it and I be allowed to summarize.

DEPUTY SPEAKER ALTOBELLO:

Would the Clerk please call LCO 7611, which shall be designated House Amendment Schedule "B".

THE CLERK:

LCO Number 7611, House "B", offered by Representatives Cafero, Klarides, and Candelora.

DEPUTY SPEAKER ALTOBELLO:

The good Representative begs leave of the Chamber to summarize the amendment. Seeing no objection, please proceed, sir.

REP. SAMPSON (80th):

The amendment is very simple. It strikes Section 1 through 19 in their entirety. I move adoption of this amendment, Mr. Speaker, and I ask that when a vote is taken, it is taken by roll.

DEPUTY SPEAKER ALTOBELLO:

Question before the Chamber is that of a roll call on Amendment "B". Would all those in favor of having a roll call, please indicate by saying Aye.

REPRESENTATIVES:

Aye.

DEPUTY SPEAKER ALTOBELLO:

The appropriate threshold has been met. When the vote is taken, it shall be taken by roll.

The question before the Chamber is adoption of House "B". Further on House "B". Further regarding House "B". Representative Megna.

REP. MEGNA (97th):

Thank -- thank you, Mr. Speaker. All due respect to my colleague, I would ask that my colleagues in the House oppose the amendment. It essentially deletes a major portion of this bill where many people have been working on this for years. This is a -- a good bill and therefore I oppose this amendment. Thank you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Thank you, Representative Megna.

Further on House "B". If not, staff and guests please retire to the Well of the House, members take your 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, House Amendment Schedule "B", by roll call. Members to the Chamber, please.

(Speaker Donovan in the Chair.)

SPEAKER DONOVAN:

Have all the members voted? Have all the members voted? Please check the roll call board to make sure your vote has been properly cast. If all members have voted, the machine will be locked, and the Clerk will please take a tally.

Clerk, please announce the tally.

THE CLERK:

House Amendment Schedule "B",

Total Number voting	133
Necessary for adoption	67
Those voting Yea	48
Those voting Nay	85
Those absent and not voting	18

SPEAKER DONOVAN:

Amendment fails.

Would you care to remark further on the bill as amended? Representative Coutu.

REP. COUTU (47th):

Thank you, Mr. Speaker. Mr. Speaker, the Clerk is in possession of LCO Number 7743. Would the Clerk

-- would the Clerk please call and I be given leave to summarize.

SPEAKER DONOVAN:

Will the Clerk please call LCO 7743, which will be designated House Amendment Schedule "C".

THE CLERK:

LCO Number 7743, House "C", offered by Representatives Perillo and Schofield.

SPEAKER DONOVAN:

Representative seeks leave of the Chamber to summarize the amendment. Any objection? Hearing none, Representative, you may proceed with summarization.

REP. COUTU (47th):

This is a bipartisan amendment and it -- removes Section 18 which had the preauthorization concern relating to if an -- a patient gets preauthorization, they potentially lose their job or anything else, there could be major problems determining who's going to fund that care and that service. Move adoption, Mr. Speaker.

SPEAKER DONOVAN:

The question is on adoption. Care to remark further?

REP. COUTU (47th):

I ask for a -- a roll call. When the vote is taken, I ask for a roll call.

SPEAKER DONOVAN:

Question is for a roll call vote. All those in favor of a roll call vote, please signify by saying Aye.

REPRESENTATIVES:

Aye.

SPEAKER DONOVAN:

There -- 20 percent is met. There will be a roll call vote, thank you.

Care to remark further?

REP. COUTU (47th):

No, I summarized it. Thank you.

SPEAKER DONOVAN:

Thank you, Representative.

Representative Schofield.

REP. SCHOFIELD (16th):

Thank you, Mr. Speaker. I rise in support of this amendment. I did speak at length earlier, but hardly anybody was here so I'll make a few comments again.

This section I find very problematic. I would

happily vote for the rest of the bill if this section were removed because this section creates a situation where we're requiring payers to pay for claims even for people who are not eligible for their insurance plans.

This is not something that we do in Medicaid. In fact if we tried to do that in Medicaid, we would not get federal matching money for any of those claims that are paid. When someone's not eligible, they're not eligible. They don't get their claim paid even if they were prior authorized under Medicaid.

It's questionable to me whether this would apply to us as State employees, but because we're self-insured, I'm not sure -- it wouldn't automatically apply. The State typically adopts the mandates that apply to other private payers, but they might not adopt it. Not -- not clear, so we'd be setting up a double standard.

If we did adopt it, here's a scenario that could happen. You're running for re-election and you know you need a knee replacement but you're out busily knocking on doors and so you don't want to have your knee replacement now. You put it off and you decide you'll go to the doctor right after the election.

Well, sorry for you, you lost your election. Now you really are in a hurry -- got to get my -- my knee replaced -- so you go to the doc. He gets prior authorization for you to have your knee replaced after the holidays are over. You're no longer in office. You're no longer a State employee. You're going to have your surgery in January or February, and under this bill, the State would have to pay for you who is no longer in office.

Just think about how that's going to sit with the public. I think that there's a lot of unintended consequences. I understand the desire to make life easier for the physicians in dealing with prior authorization, but you need to understand the context, that we used to have retroactive, retrospective authorizations of services. That is still certainly legal and a potential, and in fact a federal rules allow for retrospective authorization.

If we make prior authorization something that puts an insurer on the hook for people who are no longer covered under their plan, they could entirely get rid of prior authorization and do everything on a retrospective basis. Want to know how awful that is for doctors? Doctors then would have to not know in

advance whether they're going to be paid or not. It would all be determined after the fact and they'd have to go through the appeal process that is set forth in this bill under the federal rules for retrospective review. That would be a nightmare for physicians. That's a potential outcome of what we're doing here.

Alternatively, if plans don't decide to do that but they realize that they're now on the hook for claims that they didn't used to have to pay, they'll increase their premiums, also not a good outcome.

So I really think we need to be careful about having this section in the bill. I urge you to support this amendment. Support the rest of the bill if you want. I would, but I cannot support it with Section 18 in there. Thank you.

SPEAKER DONOVAN:

Thank you, Representative.

Care to remark further on the amendment? Representative Megna.

REP. MEGNA (97th):

Thank you, Mr. Speaker. Mr. Speaker, with all -- I respect my colleague from the committee, and Linda Schofield tremendously, but I just want to point out that this section is a good consumer protection. The

insurer has three days to cancel. It's saying to the insurer, get -- get your act together and don't lead individuals on. Don't lead providers on. Don't preauthorize and -- and in an untimely manner rescind.

So this is about the consumer, not necessarily about the insurer. And I want to also point out that the individual is still liable for the payment, I believe. And the insurer will have the ability to recoup their fee for services. And with that, I would ask that my colleagues not support the amendment, Mr. Speaker. Thank you.

SPEAKER DONOVAN:

Thank you, Representative.

Would you care to remark further on the amendment? Care to remark further? If not, staff and guests, please come to the Well of the House, members take their seats, the machine will be open.

THE CLERK:

The House of Representatives is voting by roll call. Members to the Chamber. The House is voting, House Amendment Schedule "C", by roll call. Members to the Chamber.

SPEAKER DONOVAN:

Have all the members voted? Have all the members

voted? Please check the roll call board to make sure your vote has been properly cast. If all the members have voted, the machine will be locked and the Clerk will please take a tally.

Clerk, please announce the tally.

THE CLERK:

On House Amendment Schedule "C",

Total Number voting	133
Necessary for adoption	67
Those voting Yea	52
Those voting Nay	81
Those absent and not voting	18

SPEAKER DONOVAN:

Amendment fails.

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

REP. COUTU (47th):

Mr. Speaker, reviewing through the bill, and we know this is a rather large bill. We received it around 10:00 o'clock this morning, so I've been doing my best to listen to the testimony and figure out some questions to ask relating to it. And in Sections 54 through 87, 88, relating to the review process, I have a few questions, through you, to the proponent of the

bill.

SPEAKER DONOVAN:

Please proceed, sir.

REP. COUTU (47th):

Just want to verify, are these sections based on the National Association of Insurance Commissioners?

SPEAKER DONOVAN:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker. Yes, that's correct.

SPEAKER DONOVAN:

Representative Coutu.

REP. COUTU (47th):

And then what is the urgency behind implementing Sections 54 through 88? Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker. That's a requirement by the Feds under the Affordable Health Care Act.

SPEAKER DONOVAN:

Representative Coutu.

REP. COUTU (47th):

And this is the same Legislation that was

Insurance Bill 1158 which passed the Insurance Committee 19 to zero? Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Megna.

REP. MEGNA (97th):

That is correct. Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Coutu.

REP. COUTU (47th):

And obviously this is a major part of this bill, well over 80 pages, and from what I understand it's lengthy because it's combining multiple sections including utilization, grievances and external appeals? Through you.

SPEAKER DONOVAN:

Representative Megna.

REP. MEGNA (97th):

That is true. Through you, Mr. Speaker.

REP. COUTU (47th):

And I do know this section was negotiated in -- and compromised with all interested parties, so half this piece of Legislation I am in support of.

SPEAKER DONOVAN:

Representative Megna.

REP. COUTU (47th):

Oh, no, that was no question. Through you, Mr. Speaker.

SPEAKER DONOVAN:

Sorry, sorry, Representative Coutu.

REP. COUTU (47th):

I thank the gentleman for his answers.

SPEAKER DONOVAN:

You had an inflection there.

REP. COUTU (47th):

Yes, sir. My concerns relating to this piece of Legislation evolve around the pooling, the first eight sections, oversight with the Comptroller's office, and then the potential liability that could be put on the State and our taxpayers.

Relating to Sections 1 through 8, with the pooling, I just want to verify that this bill will not provide any coverage for uninsured people across the state of Connecticut. Through you.

SPEAKER DONOVAN:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker. Yes.

REP. COUTU (47th):

And we do know that this will provide for municipalities and nonprofits, and just what I've been hearing is the potential benefits of a pooling bill are that the pool could be expanded and there's the potential for lower costs and it provides choice. I'm not 100-percent sold on either of those areas.

Relating to economies of scale, the number of people within the pool, there are studies, and one in particular that I've been reviewing which was from Blue Cross Association and it was talking about the California pooling model. And from what I could determine, they struggled with really, not only choosing who was going to be in that pool and keeping costs low and the number of people that were in the pool, the pool did get bigger, but at the end of the day it was tough for them to contain the costs.

Secondly, when I started looking more into what does this pooling bill sort of model, in my view it's a expansion of something that we've had which is MHEP, Municipal Health Employee Plan, and the costs are very expensive within that plan, and for the most part it's never evolved what I would consider to the number of people that we would have expected to join that plan.

There are other states, like Massachusetts, who

have tried to expand their health care system and they've always had a challenge getting the number of people they thought would initially enter that health care plan.

And from what I'm understanding, through you, Mr. Speaker, this pooling bill would, in the end of the day have two options. One pool would be for our State employees, and the second would be along the lines of those who are not within the State employees. Is that true? Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker. Yes.

SPEAKER DONOVAN:

Representative Coutu.

REP. COUTU (47th):

Thank you. I thank the gentleman for his answer. I'll summarize. Mr. Speaker, this -- in the OFA it was mentioned that this could potentially open up seven to 800,000 nonstate employees, nonprofit employers and their employees and all their retirees. The question that I would have is -- and it's not a question to the proponent of the bill -- but could the

Comptroller's office have the ability to basically monitor and oversee this plan.

And then secondly, the potential cost could fall onto the State, taxpayers, small business employers, because if this plan does not generate enough revenue and the expenses go up, it will fall on taxpayers. That's my primary concern.

And then third, I question if you could have hundreds of thousands of people within this partnership, would we select just the healthy people within our pool and sort of leave the sick and those who are more high-risk out of the pool.

And for these reasons I urge my colleagues to vote no to this Legislation. As I said before, there are sections which many of us do support, but with the pooling and the preauthorization, I cannot support this bill. Through you, Mr. Speaker.

SPEAKER DONOVAN:

Thank you, Representative.

Representative O'Neill.

REP. O'NEILL (69th):

Sorry, Mr. Speaker. I pushed my button by mistake.

SPEAKER DONOVAN:

It happens, Representative O'Neill.

Representative Alberts.

REP. ALBERTS (50th):

Thank you, Mr. Speaker. We've had a lot of discussion on this bill tonight, Mr. Speaker, and we had some discussion earlier about several elements of the bill, things that we believe would enhance the bill. And with that in mind, Mr. Speaker, the Clerk has an amendment. It is LCO 7764. I ask that it be called and I be allowed to summarize.

SPEAKER DONOVAN:

Will the Clerk please call LCO Number 7764, which will be designated House Amendment Schedule "D".

THE CLERK:

LCO Number 7764, House "D", offered by Representatives Cafero, Klarides, Candelora, Alberts, and Ritter, E. Ritter.

SPEAKER DONOVAN:

Representative seeks leave of the Chamber to summarize. Any objection? Hearing none, Representative Alberts, you may proceed with summarization.

REP. ALBERTS (50th):

Thank you, Mr. Speaker. Essentially the bill

that -- or the amendment that is now before us does two things. One is in the pooling section of the bill, it works to clarify that there is going to be no change in terms of diminishing the rights of retiree health insurance pursuant to collective bargaining agreements, so it helps protect those rights.

And secondly, in an earlier discussion as it related to the Office of Health Reform and Innovation and the working group that we had some discussion on, it helps clarify that the Office of Health Reform and Innovation shall submit a report to the Joint Standing Committees of the General Assembly for Appropriations, Insurance and Public Health, helping make sure that this information is disseminated.

It's my understanding, Mr. Speaker, that this is considered a friendly amendment. I would move the adoption of the amendment.

SPEAKER DONOVAN:

Question is on adoption. Will you remark further? Remark further? Representative Ritter.

REP. RITTER (1st):

Thank you. Thank you, Mr. Speaker. Mr. Speaker, yes, I would like to make it very clear that I consider this a friendly amendment and I would like to

urge the Chamber to please vote for its adoption. I want to thank Representatives Tercyak and Alberts for clearly bringing this problem to our attention in the discussion here on the floor, and once again, encourage the Chamber, please, to vote for its adoption. Thank you, Mr. Speaker.

SPEAKER DONOVAN:

Thank you, Representative.

Would you care to remark further on the amendment? Care to remark further on the amendment? If not, let me try your minds. All those in favor of the amendment, please signify by saying Aye.

REPRESENTATIVES:

Aye.

SPEAKER DONOVAN:

Opposed Nay.

The Ayes have it. The amendment is adopted.

Remark further on the bill as amended? Remark further on the bill as amended? 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.

SPEAKER DONOVAN:

Have all the members voted? Have all the members voted? One more.

Have all the members voted? Roll call board will be locked and the Clerk will please take the tally.

Clerk, please announce the tally.

THE CLERK:

House Bill 6308, as amended by House Schedules "A" and "D",

Total Number voting	136
Necessary for passage	69
Those voting Yea	88
Those voting Nay	48
Those absent and not voting	15

SPEAKER DONOVAN:

Bill is amended as passed.

Clerk, please call Calendar Number 230.

THE CLERK:

On page 10, Calendar 230, House Bill Number 6100, AN ACT CONCERNING REGIONAL PROPERTY TAX REVENUE SHARING. Favorable report of the Committee on Planning and Development.

SPEAKER DONOVAN:

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important -- number one, that we are in accordance with our own rules, and number two, that the rest of the committees have the opportunity to hear the explanation. So thank you very much and I apologize to everybody for taking the committee's time, as well as I apologize to the speaker as well.
Thank you.

REP. MEGNA: Thank you, Representative Chapin.

Are there any other comments on this issue? No? No.

Speaker Donovan.

SPEAKER OF THE HOUSE CHRISTOPHER DONOVAN:
Well, thank you. It's nice to see everybody here on a Monday morning, and it's also very good that we start off everybody knowing where we stand, so thank you, Representative Chapin, for bringing that up.

I -- as I'm speaking on various issues, I'd like to call up to join me here the Mayor of Hartford -- Mayor Segarra -- if it's fine with the committees involved?

Mayor, if you're --

MAYOR PEDRO SEGARRA: (Inaudible). I'm right behind you.

SPEAKER OF THE HOUSE CHRISTOPHER DONOVAN:
Oh, right behind me.

(Inaudible). Come on; have a seat.

I invited the Mayor because -- specifically, he'll be talking about one of the bills before us.

Again, it's great to be here before all the various committees who are here today to deal with the issue of healthcare, consumer healthcare, and the need in our state.

And I actually see the fact that all the committees are here as really a sense of efficiency in having all committees hear the testimony all at once, so they can take the testimony and figure out how it works best for the State of Connecticut. So thank you all for coming together.

The bills that I'm going to be talking -- particularly -- are House Bill 6308, which is the CONNECTICUT HEALTHCARE PARTNERSHIP Bill; House Bill 6323, which is AN ACT MAKING CONFORMING CHANGES TO THE INSURANCE STATUTES PURSUANT TO THE FEDERAL PATIENT PROTECTION AFFORDABLE CARE ACT; House Bill 6305 which is, AN ACT IMPLEMENTATION OF THE SUSTINET PLAN, and H.B. 6322 which is, the STATE PRESCRIPTION DRUG PURCHASING Plan.

All of those bills deal with the issue of providing healthcare at a reduced cost. Oftentimes we feel -- certainly in our families and the businesses, that there are seemingly unstoppable rate increases in terms of healthcare; yet, at the same time, reduction in some -- some of the services available.

All of these bills work together in providing the State of Connecticut a comprehensive plan

to provide quality care to the people of our state at affordable price -- actually reducing costs.

The bills before you -- the Healthcare Partnership will save millions and millions of dollars across the state to cities and towns, small businesses, etc.

The Federal Patient Protection Act will provide an Exchange for businesses to shop around and other individuals to get the best cost on healthcare.

The SustiNet Plan is estimated to save us over $200 million a year and providing an option for people to choose that.

And the State Prescription Drug Purchasing Plan, right off the bat, will save the state over $60 million.

So there's real savings here before us, and I certainly urge all the committee -- committee members of all the committees to put their heads together and work on crafting these bills so that it has the best interest of our families and businesses in mind.

I was out at the CBA Forum last month, and the CEO of UTC said healthcare was one of the biggest costs in the state and actually hurting business.

And all of these bills will provide savings for businesses throughout the state. Businesses that, in saving money on healthcare, could possibly hire more people. Businesses who save

money on healthcare could probably purchase new equipment to make them more competitive in the marketplace. So looking at providing savings for businesses, and for families, is so, so important.

I'd like just to speak a little bit on the Healthcare Partnership Bill and then turn it over to our fine Mayor of Hartford.

The idea to be -- is -- we've been here before -- for some of the veteran members and for newer members, it's the idea -- a simple plan of saying to the cities, and towns, and nonprofits, and small businesses that, you know, we as government officials, government employees, we are able to negotiate a better plan at lower price than others.

And by opening that up to other government officials in cities and towns we could save them money. In fact, the Mayor is going to -- I'm going to steal a little bit of it -- but he's working on a plan.

Last year we opened up the Prescription Plan to cities and towns only. And, Mayor has investigated -- they've work with our comptroller's office, and they stand to save $1.8 million in prescription costs just by joining the state healthcare plan; same prescriptions, but at a better price.

And you'll see in another bill -- the State Prescription Drug Purchasing Bill -- the comptrollers realize that moving Medicaid, HUSKY, ConnPACE, and Charter Oak into the State Prescription Plan will save $66 million.

That's real money. That is real money.

Well, not only by moving them into the state plan will City of Hartford save money, and the state save money, but by this plan those savings will induce the pharmaceutical company to give the state additional savings just for the City of Hartford of $500,000 a month. The state will get $500,000 a month.

The City of Hartford saves $1.8 million over the course of the year; the state saves $6 million. That's one city -- albeit a big one, but that's one city. That's just prescriptions. If we could take that lesson and move it towards opening up the healthcare plan, all -- just think of all the savings we could have in the state.

And that ties into the SustiNet Plan which also looks for figuring out ways to leverage Medicaid and HUSKY, etc. and making a consumer-friendly way to get healthcare as well as then offering that on the Exchange as part of the federal plan.

So all of these bills work together and actually provide a plan -- a real plan for our state to move forward, help our economic growth, and provide healthcare which everyone so needs.

So with that I'd like to turn over to our mayor -- Mayor Pedro Segarra.

MAYOR PEDRO SEGARRA: Thank you, Speaker Donovan.

Good morning. Chairman Crisco, Megna, Musto,

Tercyak, Stillman and Ritter, thank you for giving me this opportunity to be before you. Also ranking members, distinguished vice chairs, and members of the Insurance and Real Estate, Human Services, and Public Health Committees, it is a pleasure to appear before you today, and it's even a greater honor to be testifying in support of House Bill 6308, AN ACT CONCERNING HEALTHCARE PARTNERSHIP.

This bill, which mirrors an initiative that the house speaker Christopher Donovan has proposed and supported for several sessions, would grant cities and towns a much-needed opportunity to reduce one of the biggest cost drivers in municipal budgets: healthcare.

In Hartford alone the overall cost is approaching 20 percent of our annual budget, and we are all aware that this issue is one that every municipality is facing.

In my meetings with other mayors of Connecticut -- Mayor Finch and Mayor DeStefano from New Haven -- one of the biggest problems that we have is trying to cover our healthcare costs.

Now at the city level we've done everything possible to try to consolidate -- to try to create efficiencies through agency and department consolidation. We've done everything from trying to look at the way we spend money, and we've not only had the challenge of trying to mitigate deficits, but mitigate deficits against the rise of rising healthcare.

We've been creative, I mean, I've even gone as far as having our volunteers in the city help clean up our parks. This last storm I even went as far as cooking Puerto Rican chicken soup for our DCW plows in order to get them to be more energetic.

But there is one point -- one place at which we're having a very difficult time -- controlling health costs -- and that is the health costs, so we are looking for your help here.

The City of Hartford has often sought ways to improve our relationship with the business community, and with the State of Connecticut, through legislation that represents a perfect opportunity to establish both goals.

There is no greater example than the partnership of trying to create a medical office right within our City Hall to help service not only our municipal employees but also state employees as well. And have not only the care for the workers, but also use it and leverage it in terms of preventative health practices that can also promote their health.

This legislation would enable Hartford and other municipalities to purchase employee health insurance through the state's largest pool. Under this proposal, Hartford will be able to take advantage of the bargaining power and lower administrative cost of a 200,000 state-member plan.

The City is already looking at the state's prescription pool, as indicated by Speaker

Donovan, under Public Act 10-131. We are hopeful that we will continue to work with our unions and have that.
It not only saves money, but probably will even save further health complications among people who often worry and suffer illnesses just through the stress of not knowing whether they're going to have a medical plan in the future.

This program is a win for both municipalities and the state. If you look at the State of Massachusetts and some other municipalities that have joined their state health plan, many of them have had already increased savings in terms of their healthcare costs.

While I and other municipal leaders are mindful -- and respectful -- of the fact that House Bill 6308 would require modifications to collective bargaining agreements, as I said, we are hopeful that we will take advantage of that.

I think at this point our workforces are very concerned about maintaining jobs and anything that they can do to try to be helpful in terms of protecting and lowering healthcare costs, I think that they will be on board.

I look forward to continuing to work with the legislative leaders, your committees, and other stakeholders as we continue to seek effective cost-saving measures and improve the delivery of healthcare in Hartford and throughout the State of Connecticut.

You know, 35 years ago, almost 35 years ago, I

helped to found the Hispanic Health Council in the City of Hartford, and I was a member of the advisory group for the Health System Agency led by Ralph Pollock back then.

I would have never thought that 35 years later, almost 35 years later, we would still be facing in the City of Hartford some of the largest and biggest health disparities and an inability to fund healthcare for everyone. Thank you.

A VOICE: Thank you; questions?

A VOICE: Thank you very much. And one thing I want to acknowledge or (inaudible) you've work on healthcare partnership (inaudible).

REP. MEGNA: You've worked on healthcare partnership -- for many, many years you've been working on this issue, and I just wanted to acknowledge that again and also the fact that you've empowered us in the Legislature with Cara, Laura Jordan, with actual staff dedicated to this issue. It's a significant issue. We hear it's 40 percent or so of the state budget. And the Mayor's talking -- I think he mentioned 20 percent of your budget is healthcare, and then you multiply that around the state and that's a really huge chunk of money.

So this is kind of exciting time to impact -- impact those costs.

Are there any questions? Yes.

Representative Adinolfi.

REP. ADINOLFI: Thank you, Mr. Chairman.

Thank you for being here today because we don't get to see you often speaking one-on-one, you know.

SPEAKER OF THE HOUSE CHRISTOPHER DONOVAN: Okay. (Inaudible).

REP. ADINOLFI: But my question is you presented some savings by having these plans.

SPEAKER OF THE HOUSE CHRISTOPHER DONOVAN: Uh-huh.

REP. ADINOLFI: And I have a question on that. In 2007 and 2008 I think we had a plan that had come up to have all the municipalities allowed to buy into the state plan.

SPEAKER OF THE HOUSE CHRISTOPHER DONOVAN: Uh-huh.

REP. ADINOLFI: And we received three quotes from three different insurance companies. One insurance company guaranteed to keep the same costs for one year, but you had to sign up for three years, so you didn't know what was going to happen in year two and three.

The other two companies raised the costs tremendously, and their reasoning was that we don't figure out cost based on the number of people in the plan, but we figure out cost on the risk factor of the number of people in the plan, and that's why the cost went up significantly.

How does this differ from that? How are we going to get around the risk factors? We have the quantity of people -- no question about it -- and normally you would think that would make

it better, but according to the insurance companies it doesn't.

SPEAKER OF THE HOUSE CHRISTOPHER DONOVAN: Well, Representative, I'm glad you brought that up because it speaks to the whole issue of offering choice.

If I'm going to buy insurance and one is lower than the other three, I'd choose the one that's lower. Those insurance companies that quoted higher prices, well, maybe, we don't choose them; we choose the lower price.

And, you know, we used to have years ago a company called Blue Cross Blue Shield. I think you're familiar; it's in your neighborhood. It used to be in your neighborhood. It was a nonprofit. It was a charitable organization. And I believe it covered almost everyone in the State of Connecticut.

The other insurance companies weren't as much involved in insurance. It was a nonprofit. It was a charitable -- and they would spend over 90 percent of their healthcare dollar on healthcare.

We've seen a system now where -- as we've towards for profit, insurance companies do not spend 90 percent. Some -- in the President's Plan it calls for spending 85 percent, and some people are balking at that.

So there will be insurance plans that will say we will charge more for health insurance, but the state is now self-insured. We're self-insured right now, and we're seeing the

savings in the prescription plans. We're seeing the savings in other ways that we believe could save our state millions and millions of dollars.

The plan has changed in that we're self-insured now. We're not relying on an insurance company -- not only to provide our care but also to make excess profits on that.

REP. ADINOLFI: Thank you.

REP. MEGNA: Thank you, Representative Adinolfi.

Are there any other questions for the Speaker or the Mayor?

Yes, Representative?

REP. BETTS: Thank you, Mr. Chairman, and good morning Speaker and Mayor.

MAYOR PEDRO SEGARRA: Good morning.

SPEAKER CHRISTOPHER DONOVAN: Good morning.

HB 6322

REP. BETTS: I'm very new to this, so, you know, bear with me on this. But I have a couple of questions regarding the Prescription Drug Program and the efforts to really save money on this.

In pulling this together is the idea trying to get a lower price by referring people or encouraging people to do their ordering and prescriptions through mail order?

SPEAKER OF THE HOUSE CHRISTOPHER DONOVAN: Right

is not to make -- is to say to businesses -- do you like this plan and is it affordable to you. You can make that choice.

And what we're finding out is it's cheaper. When I went around and talking to small businesses throughout the state, they looked at the plan the state employees have -- and we have -- compared to what they got, it was cheaper. It was much cheaper. It would save money.

One business owner said I could hire two people if I join the state plan. It's cheaper than what I pay. If you -- if you're a small business, and you want to provide health insurance for part timers, you'll find it very difficult to provide that. And instead what happens is the state picks up the cost of children of part-time workers often through the HUSKY program.

So we're paying for the healthcare of places for people who can't afford health insurance for their -- for their people right now.

REP. GIBBONS: Thank you Mr. Chairman, one last question, Mr. Speaker.

This is really -- the insurance side of the healthcare plan -- are we going to be sure that our medical providers will sign up for it. Are the reimbursement rates going to be sufficient that they will agree to be part of the SustiNet Plan, and if not, what are we going to do about that?

(HB6305)
(HB6308)

SPEAKER OF THE HOUSE CHRISTOPHER DONOVAN: Okay.

Well, two things. One is -- again, I'm on the first one -- the pooling or the Partnership Bill -- I'm on it. I'm sure many of you others are on it. When I go see my doctor, they're happy to see me. They like that plan. So the providers like that plan.

And under the SustiNet Plan, this is actually devised and put together over by over 200 volume professional volunteers: Doctors, dentists, nurse practitioners, dental hygienists. All of those people getting together and saying how do we do -- preserve the science of healthcare -- what we need to do and also maintain -- enable us to make a living and provide that. So SustiNet will take that into consideration.

The SustiNet Plan is different from the pooling in that it will look at the state plan; use that leverage to offer other plans as well. So it's not one size fits all for everyone.

REP. GIBBONS: Okay. Thank you, Mr. Speaker.

SPEAKER OF THE HOUSE CHRISTOPHER DONOVAN: You're welcome.

REP. GIBBONS: I'll look at the details later on. Thank you, Mr. Chairman.

REP. MEGNA: Thank you, Representative Gibbons.

Senator Kane.

SENATOR KANE: Thank you, Mr. Chairman. Good morning Mr. Speaker. Mr. Mayor.

SPEAKER OF THE HOUSE CHRISTOPHER DONOVAN: Good morning, Senator.

MAYOR PEDRO SEGARRA: Good morning.

SENATOR KANE: You meant -- in your answer to Representative Adinolfi's question about the cost, you mentioned that we would be self-insured.

Isn't it -- wasn't it OPM that said we would need a reserve of like $100 million in order to protect from being self-insured; can you speak to that at all, please?

SPEAKER OF THE HOUSE CHRISTOPHER DONOVAN: We've been self-insured for a number of years, Representative. We did that already.

SENATOR KANE: But for this plan there were estimates that it would -- we'd have to have reserves of about $100 million I thought OPM said; is that not true, or?

SPEAKER OF THE HOUSE CHRISTOPHER DONOVAN: I think we built into this bill last year the possibility of having some reserves built into it.

SENATOR KANE: But is that figure correct; $100 million?

SPEAKER OF THE HOUSE CHRISTOPHER DONOVAN: Well, you know we have a different OPM. Maybe we'll have a different answer. I don't know.

SENATOR KANE: Well, they're probably all very good number crunchers regardless if they're democrat

or republican, I would imagine.

SPEAKER OF THE HOUSE CHRISTOPHER DONOVAN: Well, we had some hesitancy with this bill in the previous administration, so. I think the idea is that we're looking to create savings, and it's an option available to people.

I know -- I don't know about your city and town, but I've heard from various cities where they received increases of over 30 percent in their healthcare costs. What are they going to do?

And if we're looking at cost savings in the State of Connecticut, which could involve cities, I'm looking for some relief somewhere. And if I can save $2 million just in prescriptions, wouldn't I certainly look at the option of joining on to the state healthcare plan and saving millions of dollars.

I know my -- when we initially looked at the healthcare plan for my city, it would save $2 million just in Meriden, a smaller-sized town. And other sizes of towns could save -- bigger cities, anywhere up to $5 million to $8 million, so it's an option. That's all it is. If it works for the city or town, they could join.

SENATOR KANE: No. I understand all that, and you've made very good points to that issue. I'm just speaking to the -- to the reserves that are -- supposedly we're going to need -- of $100 million, and in this budgetary climate, when we're all looking to save -- as you've been mentioning -- especially with a $4 billion

deficit, I don't know if we can see the state putting aside $100 million for this self-insurance, that's all.

SPEAKER OF THE HOUSE CHRISTOPHER DONOVAN: Well, it actually could be -- I mean, it depends -- again, it depends on how you formulate it, but it could be added to the -- spread out among people who choose to join. I mean, the whole idea is -- I mean wouldn't it make sense for every city and town to be one healthcare plan?

So does United Tech -- United Technologies have a different healthcare plan for each one of its shops? That doesn't make sense.

Again, when we had Blue Cross Blue Shield, everybody was in Blue Cross Blue Shield. It's a basic insurance idea. You have more people in it. You have more savings. More money spent for healthcare. And so the idea right now, we have 200,000 lives in the state plan. There's approximately 200,000 state and municipal employee -- I mean, municipal employees out there.

We're not saying they should join, but I certainly suggest they ought to. It just makes a lot of sense.

SENATOR KANE: I appreciate your answer.

And one last question, Mr. Chairman, and I'll let you go.

And how about the -- are we creating any added government, are we creating any new bureaucracy, are we creating any more layers to

this plan? Would that be part of it? Is there more expenses for more government that we're going to be creating -- just a quick question. Thank you, Mr. (inaudible).

SPEAKER OF THE HOUSE CHRISTOPHER DONOVAN: I -- you know, we have a comptroller's office that provides healthcare for state employees across the state.

I think maybe there may be another staff person, possibly, I don't know. We'd have to check with the comptroller's office to see if they can handle it on their own. But we also have -- just think of the savings throughout the state.

I mean, you think of the cities -- that they have an insurance person, they have a financial person, they talk to all the different bargaining units, and they have negotiations with all those bargaining units.

And they may go to arbitration, and they have -- they may have to hire lawyers -- and both sides hire lawyers. And if they go to arbitration, they have to hire an arbitrator. Multiply that times 169 towns -- how many different bargaining that is -- three or four or five or six. We're talking millions and millions of dollars of savings on the local level.

And what do we get by doing that? We save money, and we provide healthcare.

SENATOR KANE: Thank you.

REP. MEGNA: Thank you, Senator Kane.

Representative Coutu.

REP. COUTU: Thank you, Mr. Chairman; thank you, Mr. Speaker; thank you, Mayor, for being here today.

A VOICE: Thank you.

REP. COUTU: It's great to have you in our presence.

I have a few questions. First, and foremost, we're hearing a lot of the positives, and I just want to verify -- is there any potential risk here, Mr. Speaker?

SPEAKER OF THE HOUSE CHRISTOPHER DONOVAN: Well, you know, it's one of those things. When you have -- when we talk to insurers, they say once you reach a certain level of people in a pool, or so to speak, the risk kind of dissipates.

If you're in a small town and, you know, (inaudible) you get sick -- a serious illness -- that has a devastating effect on the cost of that small town. If you have 200,000, 300,000 people in it, that risk gets dissipated in terms of population.

The municipalities and state government employees are pretty much the same demographics. So pretty much what it does -- from what I've heard -- is that it actually reduces costs tremendously in the cities and towns and in the state as well.

REP. COUTU: Okay. I guess my concern just evolves

around if it was the size of the pool that made cost cheaper, California would have low-cost insurance. In their state it's relatively high.

And as far as I know -- with my limited -- Mr. Sampson over here knows a lot more than me, but I have some experience in the insurance industry. A lot of times it comes down to the quality of people in that pool. So if we do have a massive influx of business people push off those employees who have serious conditions, you can really tilt the scale and make the price shoot up through the roof. And we've seen that in the insurance sector all over the place with high-risk pools.

So I agree on some areas, especially the prescription drug coverage, I know there is some potential benefits there, and I'm glad you're pushing that, but in the other areas I'm a little concerned.

SPEAKER OF THE HOUSE CHRISTOPHER DONOVAN: I just want to mention my -- mention Blue Cross Blue Shield. Again, everybody is familiar with that, right? We employed thousand of people in our state. They had no preexisting condition -- Blue Cross Blue Shield. People came in and joined.

And if you recall, the rates were very low compared to where they are today. I had a son born under Blue Cross Blue Shield, and people may have heard this story. At Yale we had a choice between the Ponderosa Room where you got a steak afterwards, and my wife could stay as long as you want, or the Hawaiian room where

you got stuffed lobster.

Remember those days -- for those who -- raise your hand if you remember those days. And maybe that was excessive, but my daughter was born 11 years later -- Anthem Blue Cross -- after 12 hours, get the heck out. Something changed in that.

Maybe those costs were too excessive under that, but still rates under Blue Cross Blue Shield were much lower than they are now. People got the care. I wasn't making the thousands of dollars I make as a State Representative, but I still had good care.

REP. COUTU: Thank you. I know. I just had a similar experience with my daughter. And they were actually really great how they took care of us and our family.

SPEAKER OF THE HOUSE CHRISTOPHER DONOVAN: And we passed the Managed Care Reform Bill to make sure of that, Representative.

REP. COUTU: Thank you, sir.

Secondly, for the Mayor -- how many employees does the city of Hartford have?

MAYOR PEDRO SEGARRA: We will poll between the Board of Ed -- which has, I believe, a little bit over 2,000 employees, and on the City end, I think we have a little bit over 1000, so we would -- the $1.8 million savings that we have generated, or hope to generate, would be Board of Ed and City side.

So it -- it really would create one additional pool that I think would really help the state because it's at one of the largest pools of City workers -- hopefully later on. And then I saw that there were some Representatives here from the Small Business Association, and, you know, oftentimes our small businesses that also close up, close up because the inability of those folks to be able to cover healthcare without insurance.

So we're hoping that -- both from the savings that are generated through these plans, and eventually if we can extend those pools, that those dollars will go back into those economies and avoid this vulnerability factor that often impacts -- especially our small businesses, which are the bulk of the businesses right now in the City of Hartford.

REP. COUTU: Right. And do you have a number of about what the family plan is for the City of Hartford -- the cost? Give or take.

MAYOR PEDRO SEGARRA: It goes up so quickly, and so rapidly, that I don't have this --

REP. COUTU: Okay.

MAYOR PEDRO SEGARRA: -- latest figure with me.

REP. COUTU: Yeah. Because -- I just think that's a really important number, because in the State of Connecticut we look at $17,600 -- is typically our average family plan, and what I always try to explain to people is the fact that it really comes down to how much of the principal is your employer playing.

Government employees traditionally have had 90 percent of the plan paid. In the State of Connecticut it's 89 plus a percent. So that's why our costs look so low on paper, but if you broke it down per month, it's $1,400 a month for each family to pay for insurance. It's just the state covers the cost. And that's why a lot of people think that it's so cheap.

And it may be compared to some small businesses that I've talked to. And I'll just leave it with this --the only -- I've talked to a lot of communities in my region, and the towns, and obviously there's some that support it, but there's some that question the validity of -- will they have the power to negotiate the plan. Because maybe a small community wants to negotiate but they don't want -- we'll call it the Chevrolet plan -- instead of the Cadillac.

They don't want that plan. They want something where they can keep people employed, provide healthcare -- to make sure that family can feed their family, clothe their family, and provide housing. So I think that there is the concern that those who potentially could join this could lose some control.

And then, too, just because the pool expands, it doesn't always mean that the cost goes down. California is a perfect example. There's other states -- Illinois -- it isn't cheaper because -- actually a lot of the high-risk employees move to the pool because it's supposedly sort of quasi-funded through the state and then you have an increase in the cost. So I just want people to be aware of that.

I really appreciate the speaker's desire to push through this legislation and you being here today, so thank you.

MAYOR PEDRO SEGARRA: Thank you. And all of our experiences thus far with pooling, because it's something that we've been doing internally with our plans over the years --

REP. COUTU: Uh-huh.

MAYOR PEDRO SEGARRA: -- all of our experiences thus far have shown savings by just pooling and doing that. We recently did that with the retirees

REP. COUTU: Yep.

MAYOR PEDRO SEGARRA: I tried to get them into another pool plan, and by doing so, you know, it really did help the plan. Despite the fact that many of those folks did have a larger healthcare expense because of advanced years.

REP. COUTU: Right.

MAYOR PEDRO SEGARRA: But we're hoping that continuing to do this that we can continue to save dollars. And our experience thus far -- and like I indicated, in the State of Massachusetts, I believe, we've been in contact with the City of Springfield, and I don't have the numbers before me, but the City of Springfield has generated substantial savings as a result of going into their health -- state health program.

REP. COUTU: Right. And, you know, I'm not disagreeing with you. I'm a guy that looks at numbers and facts, so unless I have that piece of paper in front of me that explains that, it's really hard for me to know for sure.

MAYOR PEDRO SEGARRA: Yeah.

REP. COUTU: But I will tell you there is some towns -- now is Hartford self-insured?

MAYOR PEDRO SEGARRA: Yes, we are.

REP. COUTU: Okay. There is some people that I'm talking to that have the concern, and I'm not sure if it's one of your concerns -- is with 3,000 employees you're a very small player in the big pool. Will you have a big say is the question at the end of the day. But I'm not saying -- obviously you support this, so I appreciate you testifying today.

MAYOR PEDRO SEGARRA: Take care. Thank you.

REP. COUTU: Thank you, (inaudible).

SPEAKER OF THE HOUSE CHRISTOPHER DONOVAN: Representative, just a couple of things on, you know, having a say. I don't think there are many of us who felt that they have a say in the increased rates of insurance companies. They just go up all the time and we just kind of look at them go by.

The other thing is there are cheaper plans out there, and they're known as high-deductible, low-benefit plans. They -- they don't have much coverage. They have very high

deductibles. Some people pay so much out of pocket. They may pay tens of thousands of dollars out of pocket before they even get a dollar's worth of healthcare. It's healthcare on paper. There's also less providers available.

We're talking about the state provider pool which is extensive. It has to cover government officials and state employees across the state. It's a very inclusive plan for people, and if I need a provider, I know I can find a provider.

In some of these high-deductible, high-copay plans, you'd have to go really far to find a provider.

REP. COUTU: I'm just going to say one more thing. Well, with the HSA model, which is the high deductible, Indiana in five years went from 5 percent of their total employees up to 85 percent of the state employees now utilize high-deductible HSA plans. And they work and a lot of people support them.

That's why there's literally --

A VOICE: They can't afford a plan.

REP. COUTU: -- hundreds of thousands of Americans in those plans. So --

SPEAKER OF THE HOUSE CHRISTOPHER DONOVAN: Thank you.

REP. COUTU: I hear you. And, you know, I do think there's a process for appeal when there's a rate increase and our -- the Administration's

Department of Insurance have denied some of these increases in the past. Thank you, Mr. Speaker.

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

REP. MEGNA: Thank you, Representative.

Representative Yaccarino.

REP. YACCARINO: Thank you, Mr. Speaker. How would this plan -- our plan -- work with the federal plan? Right now we have some plans in act and in 2014 it will be full implement.

SPEAKER OF THE HOUSE CHRISTOPHER DONOVAN: Well, I think right now, you know, we're having some rough budget times, and I think right now this is the perfect time to open up the state plan and let people choose. Again, it's a choice. Towns may or may not want to join.

I actually know your town -- your First Selectman was interested in the prescription pool. I don't know how things have gone there, but we believe there were savings in the prescription in North Haven.

So this is one step. In 2014 that's where the SustiNet -- I mean -- and the Exchange program comes in. The Exchange will provide a place -- like an aptly named Exchange where businesses and individuals can come and say is there a one stop shop where I could figure out what I need.

Let me look at the benefits, let me look at the

costs, etc., and I can comparative shop and figure out what it has. Maybe it will be like the computer where we'll have little stars next to them, you know -- comments. This is a good one. This is a bad one. I don't know.

Who knows how we'll do that. So step one is allowing the cities, and towns, and small businesses, and nonprofits -- which we give money to -- to save money if they choose to join the plan.

The other is the SustiNet which could actually use that plan as a basis for then developing other plans and make that available as a product that could then be offered on the Exchange on a nonprofit basis.

REP. YACCARINO: But my point is do you think it's necessary. We're going to have a federal plan that looks like a decent plan until 2014 and do you think this is necessarily simple --

SPEAKER OF THE HOUSE CHRISTOPHER DONOVAN: Well, this is actually part of it. For the federal plan to work, it leaves it to the states to design what we need, and this is part of that process.

REP. YACCARINO: Thank you.

REP. MEGNA: Thank you.

Thank you, Representative.

Representative Srinivasan.

REP. SRINIVASAN: Thank you, Chairman.

SPEAKER OF THE HOUSE CHRISTOPHER DONOVAN: Hi, Representative, how are you?

REP. SRINIVASAN: Thank you, Speaker; thank you, Mayor to be here this morning.

(HB 6322)

My concern is this prescription drug coverage which we will get for, you know, into the pooling of everyone which is a great idea -- if it works.

What is the plan down as we go into year two and year three? Will it be sustainable for the contracts to be held, or what happens if they hold us hostage as we go down the line, and we have everybody in this pool and suddenly these rates no longer -- are not acceptable to them, and then we are caught -- we are on the wrong foot.

SPEAKER OF THE HOUSE CHRISTOPHER DONOVAN: Well, that's a good point too. First of all, is it's a voluntary plan, so if people want to join, they can join.

The city of Hartford decides it's a good idea, they can join. They can get out as well. And the idea is if we're a big bargaining group, and you sell a product, wouldn't you like to have the biggest group as possible?

Why are the HMOs the ones -- successful HMOs are out there because they have -- they get so many providers in their plan that another competitor can't negotiate. They can't offer the plan to anyone because some people have been excluded from joining other plans. They

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.

HB6322 HB6305
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.

Thank you for the opportunity to be with you today, and for your willingness to begin this, or continue this conversation in such a -- an efficient manner by coming together for this purpose. Thank you.

I'm Kevin Lembo, the State Comptroller, and I want to thank you for the opportunity to testify on three important pieces of legislation that are before you today that will, if they work correctly, improve the lives of -- of many Connecticut residents.

I also thank you for the time and energy you've committed to these heath care issues and for advancing these bills.

First, House Bill 6322, AN ACT CONCERNING STATE PRESCRIPTION DRUG PURCHASING. I thank Senator Musto and Representative Tercyak in particular for -- for moving this. I appreciated our meeting and the insight that you had into this -- this matter.

This is not a concept that's new to anyone who's been in this building, or anyone who has followed this building. The Committee on Efficiencies highlighted the concept, you as a body, on more than one occasion have -- have brought up this issue. I just had the great good fortune of moving it forward and being able to assign a number to it. And there begins the conversation.

Sixty six and a half million, as has been raised, is real money. Has the potential to be 80 million if you want to go in, reach into the

the exchange, and outside of the exchange, as a public option?

Minnesota research is -- looks like there might be some benefits to overall performance of plans in the exchange if you in fact do have a public option there, but it really depends on what the public option does. If the public option is a leader in thinking on controlling costs, and enhancing health, and trying to keep overall health care costs down, then that's a great thing.

If we have three quarters of a million lives, a million lives in this pool, and we say, well, medical homes is the way to go, and here is the way it saves money.

Or if we say IT, this is the standard. This is the IT package. This is what we're using, you get a lot of follow-up and follow-through on those kinds of -- of proposals.

So I'm hoping this is the beginning of a larger conversation about SustiNet. It does recommend the creation of a quasi-public authority ultimately, to administer this. There's mixed feelings about that. Connecticut doesn't always have the -- we don't have the best experience with quasis, as some of them have run amok, but I hope we don't do top-line thinking and say, well, that makes quasis bad, because we can construct it in a way that -- that it makes sense.

And further, and finally, House Bill 6308, AN ACT ESTABLISHING THE CONNECTICUT HEALTHCARE

PARTNERSHIP, a piece of legislation that's been before you before.

It is right-thinking in that it allows municipalities that we do have a symbiotic relationship with in lots of ways to take advantage of what we're doing, and hopefully find some savings in their local budgets. We're seeing real savings, as Mayor Segarra has pointed out, with municipalities joining the pharmacy benefit. But the pharmacy benefit, while it's a micro example, it's also pretty controllable. The Health care thing is a little bit bigger and we need to sort of do the work necessary. I know we can do that if we work together and we put the resources in place to get it done.

I thank the Speaker for his work on this issue, and I look forward to the conversation, the real -- I've laid out in the testimony sort of what the challenges are to that. They are not new to you. They're the same challenges that were raised by Comptroller Wyman when she sat in this chair. But none of them are -- we can -- we can figure them out, I think. And if we can't, it will mean that we can't do it, and it's good to know that as well.

So, with that, I will stop. Thank you, and I welcome your questions.

REP. MEGNA: Thank you, Comptroller Lembo.

I mentioned before -- we had a press conference next door, and I mentioned that it's such an asset to have you in your position now, to have come from being the Health Care Advocate here.

I think it's a really -- a asset for the people of this state.

With that, Senator Musto.

SENATOR MUSTO: Thank you, Mr. Chairman.

Hi, Comptroller Lembo. How are you?

KEVIN LEMBO: Good Senator, how are you?

SENATOR MUSTO: Thank you for coming, and I appreciate bringing this concept to us about the pharmacy pooling bill (inaudible) services. (HB6322)

Representative Tercyak and I've looked at it and -- and we have had some conversations with some of the pharmacy industry representatives. There is, obviously, an objection there. The -- the objection is rather technical. I've discussed with you as well regarding the sort of back-end costs, or back-end fees, that pharmacies might be losing.

Could you just address that directly? And if you could, outline for the committee the objection, first, and then tell us what the resolution of that is so that we can all understand, coming from the Comptroller's office, why that objection is valid or not and -- and what, you know, how this is going to really affect the pharmacies on that issue specifically.

KEVIN LEMBO: Thank you, Senator.

So -- a couple of pieces. The -- the Caremark contract is a new contract. It begins March

REP. SCHOFIELD: So -- so you're saying the claims processing for pharmacy would remain with DSS?

KEVIN LEMBO: No, the -- the claims sort of coming back and paying the bills, we would do. The administration of the program, that relationship between the pharmacist and the patient, would still be under the authority of DSS.

REP. SCHOFIELD: Okay, but is -- does Caremark currently process claims for Medicaid in other states?

KEVIN LEMBO: Nineteen other states.

REP. SCHOFIELD: Okay. Great.

KEVIN LEMBO: And very familiar. And in some of those states, have not only Medicaid business, but other public business as well.

REP. SCHOFIELD: And -- and is there an impact on -- on the contract that we now have with EDS for claims processing of Medicaid by carving out a huge hunk like that?

KEVIN LEMBO: I don't know the answer to that. I'm sorry, but I'll find out.

REP. SCHOFIELD: I'm assuming that that --

KEVIN LEMBO: DSS, I'm sure will have an answer for that.

REP. SCHOFIELD: -- would -- would have an impact.

HB 6308

Okay. And I -- I also had a question about the S.B. 6308, the Healthcare Partnership.

There are many states that have municipalities in their State employee plans as an option. I'm not familiar with any states that have opened up their State employee plan to private employers. Are -- are you familiar with any states that have?

KEVIN LEMBO: Of the top of my head, I am not.

REP. SCHOFIELD: Okay.

KEVIN LEMBO: I am not.

REP. SCHOFIELD: I hadn't checked in a couple years. I know a couple years ago, that had not happened.

And so are you concerned at all about adverse selection amongst private employers opting in or out of State employee plan? And what would you propose doing about that?

KEVIN LEMBO: Yeah, I think because we were talking about a self-insured product, I'm less concerned about adverse selection than I am in apportioning risk and cost to the appropriate sponsoring entity. So if a municipality came in, and that year they had three open hearts, and they are paying actual claims plus the ratcheted down administrative fee that -- that we're able to, how do I sort of point that back?

REP. SCHOFIELD: Okay, so you're -- you're assuming that whatever entity came on board, they'd just

be -- they in essence would be self-insuring, based on their own risk profile.

KEVIN LEMBO: That's right.

REP. SCHOFIELD: So a small employer of 10 people is going to self-insure and just basically use you as a TPA?

KEVIN LEMBO: It -- it makes -- and these are a number of the concerns that were raised in the last few times that this bill was brought up before you, what do we do about opening up access without destabilizing the existing programs?

REP. SCHOFIELD: Well, previously when it was brought up, they would have been charged --

KEVIN LEMBO: It was fully insured.

REP. SCHOFIELD: -- if there were 500,000 people in the pool they would have, for each person, paid one 500,000th of the entire pool cost. This is a totally different option that you're describing. They would be paying only their own claims, and the suggestion that an employer of 10 should self-insure is -- is quite frightening. You could put them right out of business --

KEVIN LEMBO: Well --

REP. SCHOFIELD: -- if they have that one -- neonatal bill.

KEVIN LEMBO: -- I'm thinking of the municipalities here more than a small employer of 10. And -- because I -- I need to go back and look --

REP. SCHOFIELD: But we're opening it up to small employers.

KEVIN LEMBO: I -- I understand. The -- the municipal piece of this, I find the most compelling and immediate. And also has special consideration in the SustiNet proposal.

REP. SCHOFIELD: And (inaudible).

KEVIN LEMBO: It's more of any easier, sort of, thought leap.

REP. SCHOFIELD: Okay, so am I hearing you say that you -- have some concerns about opening it up to the private (inaudible)?

KEVIN LEMBO: And I've laid those out in the testimony, just a couple of -- they're not even bullets. Just a couple of references around apportioning risk and other things that are -- are of concern, but I don't mean to suggest that the idea is not worth pursuing. Not doing. Sort of moving forward and figuring out how we do those things.

REP. SCHOFIELD: That's a little confusing. Okay. Thank you.

KEVIN LEMBO: Not meant to be, sorry.

REP. MEGNA: Thank you, Representative.

Representative Betts.

Thank you, Mr. Chairman.

REP. MEGNA: Thank you, Chairman Tercyak.

Representative Srinivasan.

REP. SRINIVASAN: Kevin, great to see you here. Congratulations on your new position.

KEVIN LEMBO: You, as well.

REP. SRINIVASAN: Thank you. Thank you.

One's just a comment, and just sharing what you've probably have already heard from quite a few of us, is with the -- with the Bill 6322, my -- I share the same concern.

Connecticut being a state of small businesses, and if we go into this particular format, you know, what are we going to do with our small pharmacies? Not necessarily Mom and Pop alone, but -- but even those that may be a chain of three, four, five pharmacies. That's a concern. Obviously I'm just sharing my own concern which others have already said that and really don't need -- more comment necessarily from you on that. I'm sure you heard this many times.

The -- the -- the concern for me are the other two bills, with -- with the -- and yes, cost is very important, extremely important, no question about that, especially the way we are in terms of our State's finances at this particular point.

(HB 6305)
(HB 6308)

But the other side of the equation is equally important as well, and that's the health care access, and the quality of health care access. And as you well know, in Connecticut, we are -- our state has the highest number of physicians and health care providers above the age of 50. And people -- including me -- and people are in a phase of like where want to cut back their hours. Connecticut -- and I know it -- a mention was made about tort reform, and everything else, has not done anything very much to attract the younger physicians to come to Connecticut.

KEVIN LEMBO: Uh-huh.

REP. SRINIVASAN: So given the -- the age of our physicians on the one hand, on the other hand new physicians not coming in, my big concern is what -- how are we going to provide the services which we say we will provide?

And we have to look back and see what Great Britain did when it went on a national scale. We know what happened to Canada when it went on the big scale. And we know in Massachusetts, what's happening there as well.

So when we see the State coming in into health care, and for the best of intentions, you know, for the right intentions, the good intentions, cutting costs, and all of the above which is very laudable, no question about that.

But my worry is if the other side of the equation is not thought through, thought through fully, not just for one year, for five years, in 10 years, we are going to find

ourselves in -- in a big dilemma where we would be just going back in time.

Yes, this program, this SustiNet, or any of the similar programs where there's -- whether from the federal or State level, exists on paper, but not really, because people are not going to be happy with A, the access, and B, services. And as you know, in the examples of the countries that I gave you, and states, the waiting list is unbelievable. You cannot get a procedure done in some of these places unless you wait for six months or a year, and we are not used to that, unless we change our mental approach and say, I'm going to wait for my stress test for six months, I'm going to wait for my stress test for a year, and hope I survive.

And that is my concern. Access, A, and quality of access. Both of them are my big concerns. Thank you.

KEVIN LEMBO: Thank you. I -- I would share your concerns. I think we can probably build a Great Britain-like health care system if we started wars with Rhode Island, Massachusetts, and New York, and built field hospitals, and did all the things that led into the creation of that public system. Obviously, we may be able to take back the (inaudible) and maybe Block Island. But I don't know that we're actually going to be able to get there.

I share your concerns. Meaningful access is important. Timely access is important. The quality of care is critical. There is a whole section in the SustiNet report, and it's an

area that I won't claim to know a whole bunch about, but it is on workforce development and what keeps providers in, and what do we need to, you know, make their lives easier so they can do what they're trained to do, and how do we make sure that as some of you retire, that there are others to take your place, and that we haven't turned folks off.

REP. MEGNA: Thank you.

Chairwoman Ritter.

REP. RITTER: Thank you, Mr. Chair.

Thank you very much, Comptroller Lembo. It's a pleasure to have you here before us today.

KEVIN LEMBO: Thank you.

REP. RITTER: I -- and I do have a follow-up question to Representative Tercyak's line of questioning, and that is, if it is not included in the testimony that you've submitted to us, I would request any additional clarification you might want to give us about these issues that we have been hearing about from our pharmacists, and that possibly might help us, and help them, understand the intentions a -- a little bit better. Because I had many of the same confusions when I went and read through the -- read through the -- the wording on the legislation.

And the second thing, really only is to thank you for your work on -- on this topic, and on 6305, the bill concerning SustiNet. More than I think any of us in this room, you've put in -

any reason, for convenience, rebid that contract if we so choose. I would argue though that you probably want to give it a chance to level off and see how it does before you just throw it back out for rebid, but --

SENATOR WELCH: Okay, that -- and that's fair. I do know at one point, Senator, formerly Attorney General Blumenthal, did investigate that organization.

KEVIN LEMBO: Uh-huh.

SENATOR WELCH: And -- did the Attorney General's office reach conclusions with respect to what was going on there? And I think there might be some class actions as well out there.

KEVIN LEMBO: Yeah, my -- my only knowledge, direct knowledge about that, Senator, is that nothing was moving forward from a Connecticut perspective, in that the contract with Caremark, both the -- the previous contract and this one, will conform, and will have sign-off from the A.G. and OPM before they go.

SENATOR WELCH: Great, thank you.

If I could now turn to House Bill 6308, which is the Healthcare Partnership bill. Do you have an expectation at this point as to how many small businesses, nonprofits, municipalities, are going to sign up?

KEVIN LEMBO: I don't, Senator. This is obviously the Speaker's bill, and as I said in my testimony, support the concept of it, but I don't know what numbers they used --

SENATOR WELCH: Okay.

KEVIN LEMBO: -- to get an idea around penetration of the -- of the idea and product.

SENATOR WELCH: Has there been a study generally that -- I guess a feasibility study generally, as to what expectations might be for --

KEVIN LEMBO: Not by my office.

SENATOR WELCH: Okay. So -- so then with respect to reserving, I understand that the State is not subject to the Insurance Department, but do you know if there was an expectation as to how much money ought to be set aside once this bill is passed?

KEVIN LEMBO: The SustiNet bill? Which is where --

SENATOR WELCH: Actually --

KEVIN LEMBO: -- I really can't speak to the -- that -- that detail on the Speaker's --

SENATOR WELCH: Okay.

KEVIN LEMBO: -- pooling bill, Senator, so I apologize. But I can say, as I said to Representative Altobello, the expectations on SustiNet were that it -- that it operate on a level playing field with commercial carriers.

SENATOR WELCH: Okay, thank you.

Looking at 6308, Section 2 says that you need to be ready to offer this to non-State public

employees by July 1, 2011. Is that a realistic date?

KEVIN LEMBO: July 1, 2011?

SENATOR WELCH: Yes. Just for non-State public employees, and then it sets out different dates for --

KEVIN LEMBO: Probably.

SENATOR WELCH: Okay. All right.

KEVIN LEMBO: And the only reason I hedged on that is I would need to have the conversation with the -- the two ASO carriers that we have in the plan right now.

SENATOR WELCH: Okay. And then -- and you might not know the answer to this question. It -- it looks like now, according -- also available to the -- the pooling, would be small business retirees and non-for-profit retirees. Any expectation as to -- I mean those are probably new benefits to those employees to begin with. Do you have any expectation as to what you're going to see as far as people signing up for that?

KEVIN LEMBO: I don't. They -- the office is in the process -- is in the process of analyzing that -- that piece now.

SENATOR WELCH: Okay. Section 5b, talks about a charge for -- fluctuating reserve fees. The Comptroller, that the Comptroller deems necessary to ensure adequate claims.

What -- is that charge going to be on members of the pooling plan? Or is that charge an at-large charge? Do you --

KEVIN LEMBO: We're on 08 still, Senator?

SENATOR WELCH: Yes.

KEVIN LEMBO: Yes, again, it's the Speaker's bill. I -- I don't know. It might be better --

SENATOR WELCH: Okay.

KEVIN LEMBO: -- directed to them.

SENATOR WELCH: That's fair. Now all the money that -- that we will collect in premiums, et cetera, will be, it looks like, set aside in a fund that -- well, it -- I've got to find that now. Maybe you can help me out. Do you know where the money's going to go?

KEVIN LEMBO: Looks like that just gives us a place within the accounting rules to --

SENATOR WELCH: Right.

KEVIN LEMBO: -- to name a fund to deposit the money into, and not have the Legislature snatch it, or not have the -- not have it lapse at the end of any given fiscal year.

SENATOR WELCH: Exactly my concern. I mean it -- it seems like in the past that we've done some of that from some other special funds.

What -- what are the guarantees that -- that it will be out of touch, as it were, from the Legislature?

KEVIN LEMBO: You would have to make it so.

SENATOR WELCH: And that can change year-by-year, I would assume. Okay.

I asked a question of the speaker with respect to tort reform in the SustiNet bill, and are you familiar with the provision? (HB6305)

KEVIN LEMBO: Somewhat, yes. (Inaudible) conversation about it.

SENATOR WELCH: Okay. It looks like that provision applies to only those providers that are providing care for people within the SustiNet program.

KEVIN LEMBO: Right.

SENATOR WELCH: But not for providers providing care for non-SustiNet --

KEVIN LEMBO: That -- that's correct. There's very little in the SustiNet proposal that directs the activity or behavior of those outside the plan.

SENATOR WELCH: Okay. So -- when I ask the question why, I'm assuming you've already answered it. You -- you're dealing just with SustiNet.

KEVIN LEMBO: Right.

So we could contract within SustiNet, a TPA or TPAs, to administer this benefit. Does raise questions about whether they would be in competition with themselves in the exchange. Would they have to sort of forego an opportunity to be a product in the exchange? But I think it does telegraph the thinking that we probably don't want to create a full-blown insurance company within the auspices of State government.

SENATOR WELCH: Okay. Thank you very much, and again, thanks for all your hard work.

KEVIN LEMBO: Thank you.

REP. MEGNA: Thank you, Senator.

Representative Coutu.

REP. COUTU: Thank you, Mr. Chairman.

In your testimony -- thank you first for your vast knowledge. You impress me.

KEVIN LEMBO: We're almost to the bottom, so.

REP. COUTU: We appreciate it. You're doing good. We're hitting you from every angle.

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You stated, I believe it was with the partnership bill, that if there is a organization or entity that has, say, between 50 and 100 employees, could be any number, and they're high-risk, they -- they may have to contribute more or less depending on that risk?

KEVIN LEMBO: It was really a question of how do you apportion the risk and the costs --

REP. COUTU: Right.

KEVIN LEMBO: -- with multiple plan sponsors within a single pool.

REP. COUTU: Yeah. And is that your view in the future? There will have to be some scale, depending on risk, that one small business the same size of another, or one small nonprofit the same size of another, could have much more risk, they would pay potentially more?

KEVIN LEMBO: Well they're paying -- we're not so much talking about the premium, for example. We're talking about the actual -- you know, in a self-insured environment, you're paying real claims plus an administrative fee. So what do we do with those claims that can be correctly tied to the teacher's retirement board versus the State employee plan? How do we figure out, sort of, which -- who is responsible for those claims?

And -- not necessarily that it needs to be that way. I think that -- that's important to point out as well. We don't necessarily have to charge it back to the smaller municipality because they had, you know, a preemie and a couple of open hearts, and so here's your bill. We can make a policy decision that this is -- I don't mean on an ad hoc basis, I mean in a general matter, a part of the functioning of the program.

But what does that do to our real costs as a State plan? Because -- primary responsibility for that plan is within, my office for example, for State employees and retirees. If the costs jump because we allowed others to go in, I've got to come back to you and tell you why. Or we have to have the sponsoring municipality pay for those claims as they do now --

REP. COUTU: Right.

KEVIN LEMBO: It they're in a full -- a self-insured environment.

REP. COUTU: So it's probable that -- this is obviously going to be an experiment, and as we go, we're going to have to modify the rules, not in a bad way. I'm just saying we may have to modify the rules as we go if we find out there's a large number of private-sector, small companies that are coming in with high-risk patients and clients, we may have to modify the plan.

KEVIN LEMBO: I think what you need to do is model this out in different ways and figure out -- you know, it may be a very small burden on the larger pool to just aggregate that across everyone, or it may not be. And until we run the -- the -- some model -- some simulations with -- small employers joining that have high utilization, I don't know the answer to that.

I would caution though that we don't want to set up a situation where every year we're coming back and sort of, oh, we've got to tweak it a little more, tweak it a little more, change this, you know, where we can avoid it.

REP. COUTU: Right.

KEVIN LEMBO: So that -- that has its own dangers associated with it.

REP. COUTU: And these models, do you have any recommendations of when we should do these models?

KEVIN LEMBO: Sooner rather than later.

REP. COUTU: I completely agree with you.

KEVIN LEMBO: But they cost money.

REP. COUTU: Yes.

KEVIN LEMBO: So.

REP. COUTU: But at the expense of potentially -- all things not working -- out right, do you see anything -- we already have tens of billions of dollars in unfunded liabilities with our own health care obligations. Do you see there any potential for this to affect that number either way?

KEVIN LEMBO: You know, the -- number you're talking about --

REP. COUTU: (Inaudible).

KEVIN LEMBO: -- is tied to the retiree. The cost of retiree health care is a new reporting requirement, as you also know, under the change in the accounting rules, and there is argument that we need to spend a heck of a lot more time

around wrangling the cost of that retiree health care, because that's really what drives the unfunded liability is the actual cost of the care provided to that population.

And then, on top of that, we need to, potentially, put in some requirements in the law that force us all to pay off the liability over a period of time that makes sense. And it's really hard to add another -- 200 million to an already three-and-a-half-billion-dollar budget deficit. And how do you sort of balance all of that?

REP. COUTU: A lot of --

KEVIN LEMBO: But -- but those are -- those are --

REP. COUTU: -- there's a lot of things going on. A lot of spinning parts.

KEVIN LEMBO: A lot of good spinning parts, I would -- I would say.

REP. COUTU: Well we hope to feel like --

KEVIN LEMBO: Yeah.

REP. COUTU: I know you stated originally, if they work correctly. I'll always remember that.

KEVIN LEMBO: Right.

REP. COUTU: If things do work correctly. And I hope that we get those models done, and also as some of my fellow legislators said, we get more statistical data on year four through 10.

But from what I understand, after 2014, this is our exchange, and the Feds will give us the money initially, but as we go forward, we're going to have more and more of the burden on us.

So I do agree with Representative Adinolfi that there is a question of the Tenth Amendment right, states' rights, when we're trying to implement this plan, and then the federal government's telling us their plan. I think there is a question always there, and thank you for your testimony today.

REP. MEGNA: Thank --

REP. COUTU: We appreciate your knowledge.

KEVIN LEMBO: Thank you.

REP. MEGNA: Thank you, Representative.

Representative Schofield.

REP. SCHOFIELD: Thank you, Mr. Chairman.

I had a couple follow-up questions, if you don't mind, Kevin.

KEVIN LEMBO: Representative, I'll apologize on the front end that if we don't have the answers for you, we would get them for you.

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REP. SCHOFIELD: Okay. You talked about in the public option under the SustiNet bill, on a -- operating on a level playing field, would that mean that the -- that the public option would

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REP. SCHOFIELD: Right. And I wanted to go back to the partnership bill, and I know that's not your bill, so if you don't know the answer, it's okay.

But when you were talking earlier with me, and then also just now with Representative Coutu, it sounded like you were describing that each entity, whether municipality or employer who joined, would be essentially self-insured. They would be paying their own claims.

KEVIN LEMBO: Again, you're -- you're correct. It's the Speaker's bill, and that is the way I think about it based on the way I read it from my -- my place --

REP. SCHOFIELD: Okay.

KEVIN LEMBO: -- which is, you know, the sponsor of the underlying plan.

REP. SCHOFIELD: We -- we should then get an answer on that because I'm -- I'm -- and I apologize myself. I didn't have a chance to read the bill prior to coming. I'm reading as -- as I'm listening. But they're talking about developing actual -- actuarial standards to be used to assess the shift in medical risks of an employer's employees to the State employee plan. And premium payments remitted by the employer to the Comptroller shall be the same as those paid by the State.

KEVIN LEMBO: Right.

REP. SCHOFIELD: Which sounds to me like it's pooled. And which is certainly my

understanding of the Speaker's intent all along is that everybody is all in one big, happy pool. But once you get into one big, happy pool, then you do have questions of adverse selection, so one way or the other, you've got -- got issues to worry about.

And the adverse selection issue is one that I would just call your attention to, even just looking at geographic issues. You know, when you look at the cost of care for two absolutely identical people, one in Hartford, and one in the New Haven area, their costs are going to be different because -- or south of New Haven in particular -- that whole area. Just like housing is more expensive, food is more expensive, everything down there is more expensive. So is medical care, and so those providers always have 15, 20-percent bump on reimbursement compared to any provider north of that line.

And so I would assume that, since the State government is largely in Hartford, that our underlying cost structure is based on a Hartford profile of -- of a provider network, and that if you have employers who are exclusively from Bridgeport, Greenwich, whatever, they're automatically going to cost 15 percent more, even if their risk profile is exactly the same, simply because the differential in reimbursement rates down there.

So that's just one example of adverse selection that I think we need to be careful about because you might find that nobody north of the line wants to join, and everybody south of that line wants to join, and suddenly your State

employee plan has a large contingent of people who are 15 or 20 percent more expensive, just by virtue of where they live.

So, I would just call that to your attention.

KEVIN LEMBO: Thank you.

REP. MEGNA: Thank you, Representative.

That's it I think, Kevin. Thank you.

KEVIN LEMBO: (Inaudible).

REP. MEGNA: Thank you so much for your testimony and your hard work on these issues.

I just wanted to make an announcement to people in the room that there's an overflow room which is 1D, where you can hear the testimony if you can't find a seat at any point today.

And since we're really running behind, we're going to -- we're going to go back and forth to the public, and to the legislators, and department heads.

So we'll give the public a chance to get started and move along.

Yeah. The public will have three minutes to testify, and I just ask that you be conscious of it because there's just a tremendous amount of people testifying here today, and after your three minutes are up, legislators are free to ask you questions, and we also have your testimony also.

We're going to start off on House Bill 6308. And the first person signed up is Sal Luciano.

SAL LUCIANO: Thank you very much for allowing me to speak. My name is Sal Luciano. I'm a SustiNet Board Member and Executive Director of AFSCME Council Four.

Listening in the audience, it sounds like we kind of have a choice on heath care. Walter Cronkite said decades ago that the American health care system is neither, healthy, caring, nor a system. In fact, we don't have the health care system, we have the health care industry.

The need for a health care system was -- was made evident, as seen as health care insurance costs went up 100 percent over the last eight years. For-profit health insurance corporations made record amount of money last quarter while insuring two million people less than they did a year and a half ago. This type of increase is not sustainable.

Our motto in Connecticut is that which is transplanted is sustained. Sustinate is the Latin word for sustained.

I am in favor of 6308 and 6305. For those that want government out of health care, they need to know that between those on Medicaid, Medicare, State and county and municipal worker coverage, government already covers a majority of people. The State of Connecticut spends $8 billion dollars a year between these, not including what the federal government or the municipalities spend, and they could do a much

better job if it coordinated its states' purchasing power, a concept referred to as pooling.

One example is the City of Hartford. Mayor Segarra has confirmed that buying prescription drugs at State employee prices, Hartford saves almost $2 million a year. And the additional employees allow Connecticut to reach the next tier of rebates saving Connecticut taxpayers another $6 million a year.

SustiNet would reduce emergency room visits by having medical homes. Emergency room visits run 10 to 15 times the cost of a doctor's office visit, yet the doctor's office itself drives people to the emergency room. When you call the doctor, the first thing on the answering machine or phone service, it says if you don't think you can -- if you don't think you can wait to make an appointment, go -- to the emergency room.

Medical homes are open into the evening and for later hours. Urgent care clinics will be provided. These small innovations would not only help you be seen quicker and less expensively, it saves lives as the emergency room will be used for emergencies. It would provide better outcomes.

SustiNet would pay physicians and hospitals a little more for better outcomes. The only reason we have such high third-world infection rates is there is no incentive not to. If you get an infection now, you get more treatment and the health care industry charges you more. Under SustiNet, providers would get a little

more money to keep infections down. It would also treat you, and not your illness.

For example, you come to see your doctor with a sprained ankle, they'll treat the sprained ankle, but they'll also see what screenings you may need based on your age and family history.

SENATOR CRISCO: Sal, could you start summarizing? Appreciate it.

SAL LUCIANO: I will sum up.

It would lower costs by preventing chronic diseases. Five percent of health care system costs 50 percent of the health care dollars. It -- would help with epidemics like obesity. The -- years ago, no state had a 30 percent obesity rate, and today there are nine. It -- so it masks the biggest problem, obesity in our children. Our children are so heavy that they no longer call Type II diabetes adult onset. And it would coordinate information in electronic form.

As a nonprofit employer of 60 people, I can't wait for SustiNet. I mean, I really can't wait. Thank you.

SENATOR CRISCO: Thank you, Sal. Appreciate it.

Any questions?

Thank you very much. We appreciate it.

And we'll alternate back and forth, and while it's difficult for us to limit people, we -- we really appreciate their consideration.

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

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Hartford, and the Secretary of Counsel for AFSCME.

I am testifying in support of House Bill 6308. This bill would create one large pool for people to get the best price of health care. It will allow more municipality employees to go into the same pool, as the same current -- employees' pool.

The current pool has over 250,000 lives in it. Two years ago, the renewal rate increase for this pool was zero. That's right, zero. This is almost unheard of when rates for payers are going up 15, 20, 30 percent higher. This is because economic (inaudible) out of step. When you buy something, it is cheaper by the dozen. I am amazed that the smart electoral leaders have not noticed this and acted on it yet. I have the faith that the Governor Malloy, our new governor, will act on this.

Last year the prescription drug pool bill became law. Our union pushed hard for this and we pushed hard for the City of Hartford to participate to estimate the prescription pooling will save Hartford taxpayers $2 million.

I could tell you about not only the plight of the public employees, but the plight of the kind of employees in the City of Hartford, who happens to be my neighbors. While public employees are being scapegoated for overpaid, I could tell you that this is not true. It's certainly not true in Hartford. This -- there has been layoffs in the middle -- middle of second Great Depression. That is true.

Other employees have almost nothing in the way of pay increases in the past eight years. While the price of oil, rent and food have gone up, wages have not.

Almost my increase in wages, including all those municipal employees, have gone into covering the increases to co-pay and increases in health insurance.

Please care about the shrinking middle class. Please care about the poor families that work hard in this city. Instead of getting ahead, they are slipping behind. Passing this bill will save towns, states and non-profit and small businesses tens of millions of dollars per year. We cannot afford not to pass this pooling bill. It's long overdue.

Thank you for your attention and your concern. Our union urges you to support 6308 and 6305. We have come too far to turn back at the hands of progress and fairness. Thank you.

SENATOR CRISCO: Thank you, Clarke.

Any questions? Any questions? Nope.

Clarke, I just want you to know we're all care bears up here, so we're all set.

CLARKE KING: Okay. Thank you.

SENATOR CRISCO: Is Cathy Osten here? Cathy?

God bless you.

CATHERINE OSTEN: How are you today? Tired?

SENATOR CRISCO: Oh, we're just starting.

CATHY OSTEN: Just starting? I also.

My name is Cathy Osten. I'm the First Selectmen in the Town of Sprague, and I appreciate you all listening.

I'm testifying in support of H.B. 6308, AN ACT ESTABLISHING THE CONNECTICUT HEALTHCARE PARTNERSHIP, which would allow towns and cities to buy employee health -- insurance through the State employee plan.

Sprague is the town where I am the first selectman, is one of many small rural towns that are considered distressed municipalities. It has a population of less than 3,000. It is extremely difficult to provide quality services at a reasonable cost to taxpayers. This challenge is compounded by the ever-rising costs of employee health insurance. Double digits in -- recent years.

In the last year, employees of our Town made the choice to participate in cost savings to the Town by opting to change from traditional insurance to a high-deductible health savings account form of insurance. Most of these employees never use the insurance piece of this option. Instead, their expenses came out of their own pocket and stayed within the deductible dollars. For this change, Anthem has decided to increase our costs by more than 19 percent. I, as First Selectman, take great

offense to an increase of this size when Anthem profits in the millions here in Connecticut.

It is unreasonable to accept that the fundamental change to a health savings account to save taxpayer dollars will be applicable to only one fiscal year. The cost of insurance for our employees is rising far more quickly than the cost of living. It is the single most volatile piece of our budget, making it very difficult to maintain a flat-increase budget which maintains services and yet must include these unpredictable costs.

Even with a bare-bones budget, the only way a town of our size and tax base can address these costs, is either by eliminating insurance coverage, or jobs and services. Having access to the State employee plan would enable our small group of employees to take advantage of the administrative efficiencies and purchasing power of the much larger State employee plan. At least 24 states already permit local government employees to participate in their State plans because it gives State and municipal governments a way to save money without cutting benefits or services.

We are and have been able to keep our budget in line with no tax increase over the last three years by using small and large -- measures, such as purchasing supplies on discount, or on sale, and looking at each line item for its value and efficiency.

Each year we have decreased line-items revolving around energy usage. Examples of these measures are as follows. School teachers

are given a stipend for school supplies, the most is made of trips to stores to take advantage of sales at places like Staples, Office Depot, and Wal-mart.

We have minimized expenses each year by energy conservation in all areas. We've removed streetlights, caulked windows, put in energy-efficient doors and windows, and this year we're putting solar panels on top of our Town Hall roof.

We also purchased sand from the State which saved us thousands, and just may be our saving grace during this year's hard and expensive winter season.

We continue to regionalize wherever possible. Animal control, revaluations, health districts -- resident State Trooper usage, et cetera.

Yet we continue to provide a high-quality education, with achievement and test scorings many thought impossible. We also have not had an out-of-school suspension in years. We do not charge, or have pay-to-play. We have encouraged our paraprofessionals to be -- better educated, a benefit to us and them. We continue to have summer recreation, a growing library, a well-run public works department, and a town that promotes being a community as its most valuable resources.

All of our creative solutions, successful efforts to tighten our belts, scrimp and save, and do more with less in these very challenging times are threatened by one volatile item in our budget, health care. And I would say our

small businesses have the same -- experience as we do.

SENATOR CRISCO: Thank you.

CATHY OSTEN: Over a hundred small businesses in town.

SENATOR CRISCO: We appreciate it.

Any questions?

Thank you, Cathy. Keep up the -- I'm sorry. One question.

Yes, sir.

REP. ACKERT: Yes, hi Cathy. Thank you for coming. And I know, as somebody that operates a small community or -- as a -- as a mayor or First Selectman, that you have done a phenomenal job in looking at your costs throughout the -- throughout whether it was -- you know, having the teachers shop for -- and -- and go to comparable stores.

You mentioned one insurance company now, Anthem. Are you able to -- I -- because I'm going to give you -- I have a small business, and I had Anthem and they were going up 26 percent on me.

CATHY OSTEN: Right.

REP. ACKERT: And I got rid of Anthem.

CATHY OSTEN: Well -- I'm looking at that also, but I -- but I'm saying that it doesn't -- it --

every change we've made. When we went from regular insurance down to a health savings account, that saved us $36,000, and in the grand scheme of things, that doesn't mean much to you probably, but to us it meant a lot.

REP. ACKERT: I'm a small business owner. It means a lot. A dime means a lot, so thank you.

CATHY OSTEN: Well, exactly. We do things like not buying pens. I mean, we're -- we're at the very bare-bones of everything that we can do. And when we saved $36,000 last year, we thought that maybe we would make it through another year. Yet, right now -- and I am looking at other insurance companies.

REP. ACKERT: Great.

CATHY OSTEN: I am. I'll look at any way to save the Town -- the town taxpayers' money. But on a regular individual health care insurance, $648. For an HAS, it's $615. It saves only $33. Thirty-three dollars is -- is not a lot of money, but it's money I'm willing to save. But last year, I saved $70, so they've already cut in half what I would save on an individual health care plan -- utilizing the high deductible system. And that -- that to me means that the high-deductible system is not saving us money. It's eventually going to be the same as regular insurance.

REP. ACKERT: Okay.

CATHY OSTEN: And that to me doesn't make any sense, because if my people aren't even going into the insurance aspect of it, we're only using their

deductible dollars, then what -- what is the increase for?

REP. ACKERT: Right.

CATHY OSTEN: And that -- that's my concern. That's really my concern. And my concern is that I switch out of Anthem and go to another provider of insurance, and they don't have the same doctors in that system. So --

REP. ACKERT: It's -- it's true.

CATHY OSTEN: -- we -- we live in a -- a really small rural area. We don't have the number of doctors that you might have up here in Hartford, and Mayor Segarra has, you know, a great idea for a larger pool of workers. I have a very small pool of workers, you know. I could give you the exact numbers.

REP. ACKERT: No, that's okay, but I thank you for your -- because I know. I'm from Coventry, and I'm small community, and understand what you're going through on the insurance because I did it as a business owner --

CATHY OSTEN: Yes.

REP. ACKERT: -- and you run a -- community business, so thank you for your time.

CATHY OSTEN: Thank you.

SENATOR CRISCO: Thank you, Cathy. Keep up the good work.

CATHY OSTEN: Thank you.

SENATOR CRISCO: Ray -- Ray Rossomando.

CATHY OSTEN: Excuse me? Thank you.

SENATOR CRISCO: I just called the next person. Thank you.

CATHY OSTEN: Okay, thank you. Have a nice day.

RAY ROSSOMANDO: Good afternoon, Senator Crisco, Senator Musto, and the members here from their respective committees.

My name is Ray Rossomando. I am Legislative -- Coordinator for the Connecticut Education Association, representing 40,000 teachers across the state.

We support H.B. 6308, and the potential for it to reduce rates, and even more so, to -- potentially to address volatility. And the previous speaker just mentioned an issue in Sprague that I'm witnessing in other areas of the state.

For example, in Darien last year, the late renewal came back with a 47 percent increase. In Oxford, the rate renewal came back with a 37 percent increase. In Region 8, which is Marlboro, Andover and Hebron, the rate came back 24 percent increase.

So all across the state, you're -- you're feeling large increases from year to year, and a volatility that is very difficult and very disruptive to people who have to deal with it. Some of the previous speakers have noted that

premiums have increased substantially over the last ten years. I think Kaiser in 2009, showed data that showed premiums increased 131 percent, while at the same time, wages only -- only three times -- three times the rate of wage increase during that time.

For a -- as somebody who represents teachers, for example in Oxford, where a mid-level teacher who has a family plan, that increase that was proposed in Oxford of 37 percent meant the equivalent of a two-and-a-quarter-percent impact on their salary. Just from a one-year change in the insurance. This volatility we think -- and the -- and rising premium rates can be addressed if you address the pooling bill, by pooling groups together and addressing the volatility.

Now with respect to 6308, there are a couple issues with the bill that we'd like to discuss. Primarily, the bill provides for the participation in the Healthcare Partnership to be a permissive subject of bargaining for your initial participation, and then requires it to be mandatory subsequent to that. So if -- if a group decides that will bargain this, the following time it is a mandatory subject of bargaining. We believe that the -- that it should be mandatory from the -- from the get-go to create the situation for districts to -- to have to look at -- the potential cost savings by having this as part of the negotiations.

SENATOR CRISCO: Thank you, Ray. And keep communicating that to the legislators as far as you're -- you're concerned. Just keep -- you know, make sure -- we have your testimony.

RAY ROSSOMANDO: Yes, sir.

SENATOR CRISCO: (Inaudible) in testimony, so they'll pay attention to that.

Any questions?

Yes, Senator.

SENATOR WELCH: Thank you.

I just have one question, and that is, have you guys looked at other ways to save money on health care costs for your members?

RAY ROSSOMANDO: We have -- I mean we negotiate at the table year-to-year, and we -- if you look at the last 10 years, the share that teachers and various different employees -- from the boards of education have with the Local has increased.

So -- you know, on a year-to-year basis, we're kicking in more money as teachers, we're -- our -- their co-pays are going up $5 a year, you know, from $20, to $25, to $30 and so forth. So I think, over time, when you look at the -- the actual share of the cost locally, it's -- it's trending towards the employer. Okay.

SENATOR WELCH: And I guess --

RAY ROSSOMANDO: Oh, I'm -- I'm sorry. I guess I can -- I -- you're looking for a little bit more as far as --

SENATOR WELCH: Well, let me ask a straight question and that is -- you -- you're talking about 6308, and in your mind, and from your perspective, is that the best solution to health care costs for your members?

RAY ROSSOMANDO: We think pooling is a very important aspect.

SENATOR WELCH: Okay.

RAY ROSSOMANDO: Because it addresses the volatility and it helps us to -- to address rates and -- and to get the efficiencies of scale that -- that pooling would do.

SENATOR WELCH: All right, thank you.

RAY ROSSOMANDO: I mean we are also testifying later on -- on SustiNet as a -- and we're supportive of that as well.

SENATOR WELCH: Okay, thank you.

SENATOR CRISCO: Thank you, Ray. Thank you very much. Appreciate it.

Is it Raja? And I apologize if I mispronounced it.

RAJA STAGGERS: Good morning, members of the Public, Human Services and Insurance and Real Estate Committees. For the record, I'm Dr. Raja Staggers Hakim, Executive Director of the State of Connecticut Commission on Health Equity. HB6305

In 2008, Connecticut Legislature established the Commission on Health Equity. CHE derives

elimination of health disparities by race, ethnicity, and linguistic ability thereby improving the health for all of Connecticut's residents.

Thank you for allowing me to testify today in support of H.B. 6305.

SENATOR CRISCO: Thank you, Doctor.

Any questions? Any questions?

Thank you very much.

Paul Lavallee. Is Paul here?

He's followed by Ron.

PAUL LAVALLEE: Good afternoon. Thank you for letting me speak today.

My name is Paul Lavallee. I am President of AFSCME 2663. My Local is comprised of more than 2,500 members employed in various State agencies whose daily mission is to provide social and human services to those residents of Connecticut who need them.

I come before you today to encourage you to support House Bill 6308, AN ACT ESTABLISHING THE CONNECTICUT HEALTHCARE PARTNERSHIP.

House Bill 6308 provides a benefit for both public and private employees. This bill will allow municipalities, nonprofits, and small businesses to purchase affordable health care at the same rate as the State.

One of the more fundamental services provided by the State is its medical assistance program that is afforded to those Connecticut citizens who are found to be financially challenged. Good health is important to everyone. No citizen of Connecticut or this country should be denied necessary health care.

As a State employee, I am grateful to have an affordable health care program. It is regrettable that every Connecticut citizen is not as fortunate. You have the power to make Health care affordable and accessible for more Connecticut residents.

Past administrations have been divisive in its dealings with the citizens of Connecticut. Rather than created programs and policies that serve the common good, the methodology has been to pit public and private-sector employees against one another, or a very select group of wealthy corporations, businessmen, and entrepreneurs have been allowed to prosper.

Connecticut is facing tough economic times. Policies must be put in place that will benefit the middle class. Our citizens need programs that are beneficial and cost effective and will help the economy moving -- get them moving.

Our State government has an obligation to seek out programs that are a benefit to all good citizens. The Connecticut Healthcare Partnership is that program. Please support it. Thank you.

SENATOR CRISCO: Thank you. Thank you so much, Paul.

Any questions?

Yes, Representative Coutu.

REP. COUTU: Thank you, Mr. Chairman.

Your members, they'll be -- they will also be joining this partnership? Or they already have their own health care?

PAUL LAVALLEE: My members are all State employees, already have health care.

REP. COUTU: Okay, I always just am curious, because I know -- so what exactly were your members telling you that this would benefit them? Is there a way, or?

PAUL LAVALLEE: It benefits -- it benefits the general public. Obviously if everyone has better health insurance, our rates stay down as well as everybody else's stay down.

REP. COUTU: I guess.

There is the question always of the pool, and the quality of people in that pool, their current health condition. But that's a debate for another day.

And you stated that there's people denied coverage in your testimony. What exactly were you referring to? Because as far as I know --

PAUL LAVALLEE: (Inaudible). I didn't say denied, I said they don't have. There's people who do not -- who cannot afford coverage. There's --

there's -- this would benefit because more people would have the opportunity to get coverage.

REP. COUTU: Okay. Okay, as long as you changed that, I -- I agree with you on the other end.

So thank you for your testimony.

PAUL LAVALLEE: You're welcome.

SENATOR CRISCO: Thank you.

Any questions? Any questions?

Thank you. Thank you, Paul. Like all State employees, we care about the people of Connecticut. Thank you.

Ron?

RON CRETARO: Senator Crisco, Representative Tercyak, members of the committees, I'm Ron Cretaro the Executive Director of the Connecticut Association of Non-Profits. We -- represent over 500 not-for-profit organizations, 300 of which hold purchase of service contracts that have State -- with the State for health and human services.

HB 6308
HB 6305

Nonprofit employ -- businesses -- business employers, like Towns and Cities, and for-profit businesses, continue to face years of -- you know, years of health -- skyrocketing health prices. Annual percentage premium rate increases in the double digits leave nonprofit directors struggling to keep costs down for their employees. No funding increases for

nonprofits mean that not only can they not give wage increases to their employees, but when health care -- costs rise, they are forced to pass it on -- that increase on to their employees in the form of higher cost-sharing and co-pays.

Nonprofit employees who make significantly less than their public-sector counterparts, simply cannot afford these contract -- constant increases. It is a matter of sustainability.

As we have indicated in previous years, the cost of joining the State employee health insurance plan may not be affordable to all nonprofits, but it will certainly be a viable option, and that's why we support House Bill 6308. It will give nonprofits -- we anticipate it will give nonprofits more choice and more -- stability. And we also support the SustiNet bill, 6305.

SENATOR CRISCO: Thank you, Ron.

Any questions of Ron?

Thank you very much.

Gail? Gail Baroni, to be followed by Carolyn. Is Gail here? No Gail?

How about Carolyn. Is Carolyn here?

Jennifer? Is Jennifer Jaff? And she'll be followed by Lynn Warner.

JENNIFER JAFF: Caught me off guard there, Senator Crisco. Thought I had a couple of people before me.

Good afternoon.

SENATOR CRISCO: We're just melting away, so we've got to move fast.

JENNIFER JAFF: Well, and here I am, and -- and I -- my name is Jennifer Jaff. I'm Executive Director of Advocacy for Patients with Chronic Illness. I appreciate the opportunity to address the committees regarding the Raised Bills 6308 and 6305. I do want to let you know that we filed written testimony on the two exchange bills that we hope that you will read.

Our -- testimony on 6308 and 6305, I'm going to greatly shorten, you'll be glad to hear. But I hope that you will read it in full as well.

We provide free information, advice, and advocacy services to patients with chronic illness. Many people come to us because they can't afford health insurance. In addition, we are a consumer, of course, of health insurance. We pay $1,148 per month, per employee, for our insurance. That's $14,000 a year, and that's part of why we have not grown at a faster rate.

This is holding back business in the state of Connecticut. Both the Partnership and SustiNet would build upon the State employee plan to offer a new alternative to non-State public employers, nonprofit employers like us, small -- and small businesses. They do so without in

any way diluting the coverage for which State employees have bargained.

Study after study has shown that pooling is absolutely central to reducing premiums. In one fell swoop with these bills, you will guarantee that employers who currently cannot afford insurance will be able to do so, and since you have endorsed pooling in the past, we trust that we needn't say much more about the need to take that step.

But there is more to say because you have the opportunity to take that step through a remarkable plan that many experts have spent years designing, and that's SustiNet. Chronic illness accounts for 75 percent of every health care dollar spent in the United States. Without addressing the cost of chronic illness, we cannot control health care costs.

The architects of SustiNet knew this, and from the very start they built patient centeredness into the plan. In the many hours I've spent over the past year or so on the SustiNet Medical Homes Advisory Committee, setting the benefits of patient centeredness, I have come to believe that encouraging providers to transition to patient-centered medical homes is the right way to achieve patient centeredness, and that is built-in to the SustiNet plans.

Patients with chronic illnesses are taught self-insured regulation, learning to monitor and manage their own care. A provider is available 24-7, at least by telephone, to address emergent questions, reducing the use of emergency rooms.

Care is provided in culturally and linguistically appropriate ways, and most significantly, the patient is not required to coordinate his or her own care among providers. The primary care physician becomes the patient's partner, ensuring that providers share information about the patient as appropriate, that transitions from hospital to home are managed well to avoid hospital readmissions, that patients receive all preventive care services, that mental health care is provided when needed, and that patients' needs are met, not only in the doctor's office, but also at work, school, and in the community.

This is not just touchy-feely nonsense, nor is it even solely about the quality of care, although it certainly is about that. Patient centered chronic care plans, like medical homes, save money because they improve health outcomes. That's why we certainly support the creation of the Connecticut Health Partnership.

We urge you to fulfill the goals of pooling through SustiNet implementation. In so doing, you will promote the health of all Connecticut citizens, expand access to health insurance by making to more affordable, and take a significant steps in controlling the growth of health care expenditures.

Thank you very much.

SENATOR CRISCO: Thank you, Jennifer.

Any questions?

Representative Coutu.

JENNIFER JAFF: Oh, and Representative Coutu, I promise -- I promise --

SENATOR CRISCO: Ma'am.

REP. COUTU: -- ma'am, I have to ask you a question here. So let me ask you --

JENNIFER JAFF: -- okay, but I promise you, the federal reform bill is constitutional.

REP. COUTU: Oh, is it?

JENNIFER JAFF: Yes, it is.

REP. COUTU: Okay, good.

Thank you for being here today. And you said study after study, do you have any names for any of these studies?

JENNIFER JAFF: The studies -- there have been several studies that were done for the SustiNet board which are available to you. There are other published studies. I'd be happy to gather them and get them for -- to you if you'd like.

REP. COUTU: Sure. We always like to see studies.

And then secondly, you stated that it's been shown pooling works. There is other State programs -- we've pooled municipal and State retirement fund, where we have MERF, and that program actually, a week before all the Towns

had to pay their dues for the year, the price went up a good 10 percent.

So I hear you, and we'd all like to believe today that there is the potential here. Maybe there is. But, yes, definitely send me those studies and I'd appreciate that. Thank you.

JENNIFER JAFF: We'll do that. Thank you.

SENATOR CRISCO: Thank you, Representative.

Yeah, MERF was an interesting question. I think that really is a little different than this pooling here.

Any other questions?

Yes, sir.

REP. SRINIVASAN: Thank you very much.

You mentioned something about $1,000 and $14,000, I did not get that. Is that your premiums for your employees?

JENNIFER JAFF: Per employee, yes.

REP. SRINIVASAN: Per -- per, for what period of time?

JENNIFER JAFF: It's 1,148 a month, or roughly 14,000 a year.

REP. SRINIVASAN: Fourteen thousand, per employee, per year.

JENNIFER JAFF: Per employee, per year.

REP. SRINIVASAN: Right. And -- thank you for that clarification.

And in your best assessment, if we do this pooling and we get SustiNet passed and everything else, what do you expect that 14,000 per year to be?

JENNIFER JAFF: I -- I hope it will be lower, and that --

REP. SRINIVASAN: I'm hoping -- we all hope it's going to be lower. But what -- you know, you have done the work, you've done this pooling --

JENNIFER JAFF: Right.

REP. SRINIVASAN: -- you said pooling works, everything works, which is phenomenal, which is good to hear that. But my concern is that from when -- when it comes to a State employee, it's a difference scenario altogether because you know that some of that is being paid by -- taxpayers' money.

But when it comes to a private organization, when it comes to other people joining the group, what is the realistic expectation of what that premium is going to be on an annual basis? Fourteen thousand is what you pay for what you get now.

JENNIFER JAFF: Right.

REP. SRINIVASAN: You must have some idea as to what you expect here if the bill is passed.

JENNIFER JAFF: I -- I don't have a number in mind. My -- and I have been mostly involved with SustiNet and the Medical Homes Advisory Committee, and so that's what I spent most of my testimony speaking to.

But I -- as everybody else who's testified before me, has a belief that pooling will reduce costs. And if -- and I'm happy to, if we find the studies for Representative Coutu, we'd be happy to -- send them to you as well.

But I believe the Comptroller also testified that the hope is that the per-person costs will be lower. Certainly the municipalities who testified here to you today have stated that the costs will be lower to them. And so there's every reason to believe that as small employers and nonprofits join these same pools, that their costs also will be lower.

REP. SRINIVASAN: Just to share this information with you, for a State employee at this point, my -- my -- what I've read and heard about it, the annual cost is -- is around 17,000.

JENNIFER JAFF: For a family.

REP. SRINIVASAN: No, per person.

JENNIFER JAFF: Okay.

REP. SRINIVASAN: Right, so your 14,000 that you're paying, I mean, is -- is great, is good. But my -- where am not sure is, yes, it's wishful thinking, and we would all love the premiums to come down and nobody's ever going to argue against that. But this pooling, what is the

realistic expectation of people in private business?

I have a private business myself, so are my employees going to be paying, or am I going to be paying less for my employees, is the thing that I'm not clear of in my mind just because we happen to have a bigger pool.

JENNIFER JAFF: And -- and I don't -- pretend to be the financial expert at all of this. There has been -- extensive amount of modeling done through the SustiNet board. They've done a tremendous amount of work on this, and I'm sure they've submitted that to you. My expertise is in chronic illness and chronic health care, and so that's why I spent most of my testimony speaking to that. But I will reach out to others and make sure that they get you those figures that you're looking for.

REP. SRINIVASAN: Yeah, thank you very much. I appreciate that.

JENNIFER JAFF: Thank you.

SENATOR CRISCO: Thank -- thank you, sir.

Other comments?

REP. CARTER: Thank you, Chairman.

And thank you very much for being here with your testimony.

I just wanted to get a sense for the size of your business, because being a small business, are you also a 503c?

JENNIFER JAFF: 501(c)(3), yes.

REP. CARTER: 501(c), sorry about that.

How many people do you employ in your business?

JENNIFER JAFF: As of next month we will have three, and it's only because the new person we're adding doesn't need insurance.

REP. CARTER: Okay.

JENNIFER JAFF: If we had to pay for her insurance, we would not be able to hire her.

REP. CARTER: Right, okay. I was just interested -- just interested to know because we've talked about adding nonprofits -- nonprofits to SustiNet. Your -- your clear advantage would be the ability to hire more people if you get the premiums down, is what you're saying.

JENNIFER JAFF: Correct.

REP. CARTER: Okay. I guess I would have asked the same question as -- as the previous Representative. You don't have a sense yet of what the premiums would be with a new plan?

JENNIFER JAFF: I don't. I -- I don't know that it's even been costed-out for --

REP. CARTER: Right.

JENNIFER JAFF: -- particular employers. I think, as the Comptroller said, that what -- what we're looking at now for the SustiNet G, the

part that would be for nonprofits and for small businesses, is some feasibility studies and some models, some more modeling that still needs to happen before that would go into effect.

REP. CARTER: Right.

JENNIFER JAFF: So I don't have a dollar figure. Maybe that -- somebody else in the room does.

REP. CARTER: Thank you very much.

JENNIFER JAFF: Thank you.

SENATOR CRISCO: Thank you, sir.

Representative Tercyak.

REP. TERCYAK: Thank you very much, Mr. Chairman.

Forgive me for asking a question that you've already answered. How much is it for an individual for insurance?

JENNIFER JAFF: $1,148 a month, which is -- comes out to about $14,000 a year.

REP. TERCYAK: Okay, because I believe that for an individual State employee, the -- the total cost is just under $700 a month. Yeah, just -- which comes out to a lot less than you're paying.

JENNIFER JAFF: A whole lot less.

REP. TERCYAK: Yeah, so -- well, we're wondering if there would be savings if -- if, in true, that

buying in bulk allows you to pay at least the same amount, possibly less, we would be saving you about $6,000 a year.

JENNIFER JAFF: That's certainly my hope. I think what your colleagues are arguing is that there are some costs that are not included in the $700 a month, and -- but I'm not an economist so I'll leave that to others.

REP. TERCYAK: That's okay. There's a lot of wiggle room in between 700 and 1,200. Thank you very much.

JENNIFER JAFF: Thank you, Representative Tercyak.

SENATOR CRISCO: Thank you, Representative.

Yeah, joining this plan is like dying and going to heaven so we'll start.

JENNIFER JAFF: Thank you, Senator Crisco.

SENATOR CRISCO: Lynn Warner, followed by Sharon.

LYNN WARNER: Good afternoon. I'm Lynn Warner, the Executive Director of the ARC of Connecticut, a 59-year-old, statewide advocacy organization for individuals with intellectual disabilities and their families.

We are 23 local chapters that provide support services and advocacy for individuals of all ages with intellectual disabilities throughout Connecticut. I'm here today to testify in strong support of H.B. 6308, as it will give private providers the opportunity to join State employee health plan and be able to offer a

level of insurance coverage that is significantly better than what they can currently offer.

Many of our local chapters incur health insurance rate increases in double-digit margins from year to year. Fifteen, 17, 21-percent increases are not unheard of, or particularly unusual any longer. In order to keep rate increases minimal, providers are forced to shop for the best rate, which may or may not offer adequate coverage. This type of disruption can be overwhelming if preferred physicians or specialists are not in the new plans.

Additionally, as you all are very well aware of, most of the nonprofit workforce is typically not paid a high wage for the invaluable work that they do. With many current insurance plans, there are also numerous co-pays and deductibles, for which the employee must pay out-of-pocket, on top of what is deducted from individual salaries.

However, there are also providers who employees cannot even -- afford their employer-offered health insurance plan. They are forced to have their family enrolled in HUSKY, or their families are uninsured altogether. These options only force the State to pay for their health care at higher rates for routine care from emergency room visits.

Being able to offer the State health insurance plan would also help providers retain existing employees, and recruit new talented people to

come in to the field, since employees assign high value to good and affordable health care.

A happy and healthy and motivated workforce translate into better quality of services and supports. And the -- when -- and when there are better services with a sustainable workforce, the people with disabilities that we support and serve win a better quality of life as well.

Thank you for the opportunity to testify before you today.

SENATOR CRISCO: Thank -- thank you, Lynn.

Any questions? Any questions of Lynn? Any questions for Lynn?

There's a -- your -- your program also covers for autistic individuals?

LYNN WARNER: We're starting to. Normally it's what was formerly referred to as mental retardation.

SENATOR CRISCO: Yes.

LYNN WARNER: Most of our providers. But now it's --

SENATOR CRISCO: Okay.

LYNN WARNER: -- expanding into services for people with autism.

SENATOR CRISCO: Good. Thank you. We visited this Walgreen distribution center in Winsted last week, where they make a commitment to hire --

LYNN WARNER: Yeah.

SENATOR CRISCO: -- individuals. And I was --

LYNN WARNER: We helped them do that.

SENATOR CRISCO: -- just (inaudible).

LYNN WARNER: We helped establish that program in the state, and we were there for the opening and toured it as well.

SENATOR CRISCO: Great. Great program.

LYNN WARNER: Yup.

SENATOR CRISCO: Thank you.

Yeah, one other question, please.

REP. CARTER: Thank you, Chairman.

And thank you for your testimony.

I'm sure it's with nonprofit organizations, does -- the insurance industry discount anything when you're trying to find a non -- a policy for your -- your employees?

LYNN WARNER: I would have to -- with my 23 local chapters, I would have to ask them more about that. I have one other employee in my office and we don't offer health insurance --

REP. CARTER: Right.

LYNN WARNER: -- because we can't afford it. So I would have to get that information to see what is discounted and offered, and I can -- I'll happily do that.

REP. CARTER: I'd really appreciate that.

LYNN WARNER: Sure.

REP. CARTER: And also, take a look and see if there are any nonprofit groups that have banded together to get lower insurance rates. I'm just kind of curious.

LYNN WARNER: Okay.

REP. CARTER: Thank you so much.

LYNN WARNER: Thank you.

SENATOR CRISCO: Thank you, Lynn.

Any other questions for Lynn?

Thank you very much. Lynn.

LYNN WARNER: Thank you.

SENATOR CRISCO: Okay, Lynn, thank you.

Sharon? Is Sharon here? Sharon, Sharon from Connecticut Voices? Nope.

Donna? Donna Hamzy? Thank you.

DONNA HAMZY: Good afternoon, Chairs, members of the Health, Human Services, Insurance, and Public Health Committees. HB6308

My name is Donna Hamzy, and I'm here today testifying before you in favor of House Bill 6308, AN ACT ESTABLISHING THE CONNECTICUT HEALTHCARE PARTNERSHIP.

This bill would, among other things, provide municipalities with the option of enrolling their employees in the State's health insurance program. This is building on progress of last year with -- regarding Public Act 10-174, which allowed Towns to pool together for health insurance, and Public Act 10-131, which opened the State's prescription drug plan.

One important aspect of this bill, and for us the major aspect is, its ability to provide local governments with the option of which they can -- voluntarily avail themselves. This bill provides that option.

In 2009, there was much discussion and concern about whether this legislation would be mandatory on the part of municipalities. Speaker Donovan and other proponents met several times with CCM and we agreed on the compromise that is found in Section 3 of this bill.

This provision in Section 3 allows municipalities to decide for themselves whether they want to bargain over participation in the pool. It gives them the option, and it does not force their hand. It's completely voluntary. Municipalities will best be able to control rising health care costs if they have -- if they have before them the menu of options

and tools that this bill provides so that they can choose what works best for their situation.

I appreciate your time today, and I'm happy to --

SENATOR CRISCO: Thank you, Donna.

Any questions of Donna?

Thank you very much.

Terry? Terry Edelstein still here? There you are.

HB6305

TERRY EDELSTEIN: Good afternoon. I'm Terry Edelstein. I'm the President CEO of the Connecticut Community Providers Association and I'm pleased to provide testimony today in support of H.B. 6308, AN ACT ESTABLISHING THE CONNECTICUT HEALTHCARE PARTNERSHIP.

CCPA represents organizations that provide services and supports for people with disabilities and significant challenges, including children and adults with substance use disorders, mental illness, developmental and physical disabilities. Community providers deliver quality health and human services to 500,000 of Connecticut's residents, and we are the safety net.

The Connecticut Healthcare Partnership would expand health care coverage to nonprofit employers and our employees. We've supported similar legislation in previous sessions, and we're glad to be able to support it again this year. This revamped legislation offers new

opportunities. The timing could not be more critical.

You've heard testimony about the double-digit increases in health care premiums, and these annual increases have taken their toll. We've restructured our plans, increased our co-pays and deductibles, many of us can -- have converted to health savings accounts with very high deductibles.

While these plans encourage employee savings and management of health care expenses, they also provide a disincentive to care. It doesn't take much to wipe out an employee's HAS reserve.

As you know, we've spoken in the past about the 20 years of underfunding the community providers --attached a link electronically as a chart to show our funding shortfalls. We've received increases of 33.16 percent over 20 years, which the medical CTI has increased by over 200 percent, and there is the essence of the problem.

The Connecticut Healthcare Partnership legislation provides an important opportunity for nonprofit employers to provide health care coverage, and we welcome participating in that process.

I've also submitted comments in support of 6305, AN ACT IMPLEMENTING THE SUSTINET PROGRAM.

SENATOR CRISCO: Thank you, Terry.

Any questions of Terry?

Thank you very much.

Tom Morrow?

DONNA HAMZY: I did have one response to a question that occurred; do we get a discount as a nonprofit organization? No we don't. We're in the market based on our history, and our employees, the age rating, and so on.

SENATOR CRISCO: Thank you, Terry.

Tom Morrow. Is Tom Morrow here?

Followed by Kevin. Kevin Galvin. Kevin not here? Okay.

Jonathan. Jonathan.

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DAVID BOOMER: Senator Crisco, members of the committee, I'm presenting this for Jonathan Bilmes, the Bristol Resource Recovery Operating Committee.

My name is David Boomer, with the Kowalski Group. We -- represent them here in Hartford. You have his testimony.

Basically the point Bristol is interested in -- in participating in this plan if it's enacted. The statute basically talks about a non -- non-State employees and -- municipalities. They are an operating committee so it's a little different, and we're wondering if maybe the word "operating committee" needs to be put in that statute on par with municipalities.

But they would -- if -- if they're able to, they would like to be involved.

Thank you.

SENATOR CRISCO: Thank you, David. If you could submit that request in writing in addition to your testimony we'd appreciate it.

Any questions of David? Nope.

Thank you very much.

Stan? Is Stan here from Oak Hill? No. Going once, twice.

Bob Fishman?

ROBERT FISHMAN: Good afternoon. Let's see if I get them all correctly. Senators Crisco, Musto, Stillman, Representatives Megna, Tercyak, Ritter, and members of these joint committees.

SENATOR CRISCO: Just the first one is enough. You don't have to (inaudible).

ROBERT FISHMAN: My name is Robert Fishman. I'm the Executive Director of JFAC, Jewish Federation Association of Connecticut.

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As the public affairs arm of nine Jewish federations, we represent, in addition to the federations, three Jewish-sponsored nursing homes, eight Jewish family service agencies, four Jewish community centers. In our network of social service, we have over 750 employees, and about half are nonunion. Most of all,

employees are members of all faith groups and are -- some are agencies of United Way.

We respectfully urge the committee voting on these bills today, that they look at the nonprofit sector, and they give the same speed of implementation for the nonprofits as to the municipalities. In other words, don't wait until 2012 if you're going to initiate this bill for the nonprofits to enter a pooling process.

As -- I don't have to repeat what others have said, but our own experience is 18 to 20-percent increase in health insurance costs just this past year, and over 30-percent increase over the last two years. And this is just not sustainable for the nonprofit communities.

We also would like the committee to examine a question that was raised here before, how networks of nonprofits, such as associations, can pool themselves, which insurance companies seem not to allow. We -- we have been frustrated by this. We have been told by the insurance agencies that you have to use your own EIN number, and if you have two employees, four employees, seven employees, you can't pool with other people. And that makes it very, very restrictive.

As a member of the Connecticut Association Non-Profits Public Policy Council, I'd like to propose that you consider -- pilot programs so that a few nonprofit groups can enter the program with the same speed as municipalities. This has yet to be done, but we would like very much for that to be considered.

Let's use our Connecticut ingenuity to make health care more affordable and available to our Connecticut citizens. I'm grateful for the three committees, Speaker Donovan, Majority Leader Sharkey, leaders of the Senate, for proposing an inclusive health care initiative for our state.

And thank you very much.

SENATOR CRISCO: Thank you, Bob. I would also look into -- well, maybe 12, 14 years ago, we did legislation called fictitious grouping. I would look into that to see if the -- the groups that you're interested can qualify for that. That will allow them to, you know, to participate as a group. But that's legislation that was adopted.

Are there any questions?

Thank you very much.

ROBERT FISHMAN: Thank you.

SENATOR CRISCO: Mike Winkler?

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MIKE WINKLER: My name is Mike Winkler, First Vice President of A and R, representing State employees in the administrative ranks.

I'm just here to paraphrase my one page of written testimony. This is a choice that's being offered. People can take it or leave it. It's certainly not mandatory, but it is a choice.

Representing State employees, I'm convinced that the interests of State employees are well protected. I don't think there's any problem there. The (inaudible) group has to approve Sections 1 through 5 before it can go into effect which gives State employees the same protections now that they've always had.

So nothing there has changed. And I just think that it's a bill whose time has come. We'll certainly never have the purchasing power of a K-Mart, but it's -- it would be good if we could get more people into our pool, and if -- it would save us money and it would also save the municipalities money. Except for one possibility which is if a municipality has a really, really, really bad program now, and high deductibles at the lowest possible cost they could find, they might break even, but their members would get much, much better insurance.

Thank you.

SENATOR CRISCO: Thank you, Michael.

Any questions of Michael?

Thank you very much.

Dr. Larry? Dr. Larry, are you here?

LARRY DEUTSCH: Good afternoon, and thank you members of the committee.

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I am Larry Deutsch, and also a member of the Hartford City Council. Before that, I was a doctor and a pediatrician, taking care of

patients daily. A little bit easier than being a politician. Right now I must say, especially, in this, our capitol city.

I feel that as a city official, we all know now that many Cities and Towns are being severely pressed with health care costs being second only to educational costs. And we find that there's a complexity of administrative waste, complicated price structures and contracts, agencies, legal complexities, claims and benefit schedules, and so on and so forth.

This is one of the villains in -- the escalation of our health -- care costs. I've found as a -- as a doctor, that of course in -- working in the field as a more -- as it gets more complex with multiple providers, this doubles the work of the office staff, the doctors and nurses, and everyone else, let alone those who work in the insurance agencies.

And there -- I was also for a while in the Healthcare Access Commission; that was in the early nineties. What's that, almost 15, 16 years ago, when we also made a stab, some of us together, at having universal care exist in the state. As you know, it wasn't that successful, but here we go again, and I hope this time we can be more successful.

But constant, through all those years, have been certain things that we all hold very important. Namely Social Security, nonprofit Blue Cross and Blue Shield, which was referred to before, -- Medicare and Medicaid. I say all these because all of these were examples really of pooled, simplified, uniform, single and

nonprofit payer options. And so that's why many of us -- by the way I'm testifying both in support of -- of 6308 and 6305.

That's why many of us feel that the simplification that will be brought through pooling and SustiNet is so very important to all of us. We find that -- let's say for seniors who depend on their Social Security, and the simplicity of it, and the regularity. The middle-aged people depend on a system, not only for themselves, but for their own parents and their children.

In both cases the system should avoid large co-pays, it should avoid preexisting conditions, it should avoid various exclusions. By the way, speaking of preexisting conditions, I think there were some issues mentioned before that some of the Representatives mentioned about adverse selection, preexisting conditions. I think that was Representative Perillo, Representative Ritter, Representative Schofield, and so on.

I think there are some easy answers to some of the complexity that's brought by the questions of risk rating, adverse selection, preexisting conditions, cherry-picking by insurers. What we call it is just community rating. We eliminate the possibility of -- of knocking someone out of health insurance or -- or saying that they have preexisting conditions.

By the way, I might pause here for just a minute. Looking around the room, we -- we can all be subject to a greater risk. I would say if you take a -- a healthy and fit 28-year-old,

male or female, athletic and at a job, that many of us in this room are adverse risk compared with such individuals. Many of us have preexisting conditions --

SENATOR CRISCO: Doctor, it's all in the eyes of the beholder.

LARRY DEUTSCH: That's right. Well, that is correct. Absolutely.

And -- and I hope all are fit, but many of us do take either pills, get physical therapy, and depend on the medical system, much more than a 28-year-old male or female would. And thankfully, at least some of us -- some people don't have to worry, but we -- may have children, grandchildren, and for all of them, the complexities of having risk rating, risk pools, adjustments, you know, different co-pays and plans, is really what's driving our medical system down.

And in particular, I speak as a representative on a city council where it's a devil of a thing to have to deal with. So -- you know, I'd just like, with -- with time, when people say some of the -- and particularly the CEO of AETNA says we can't afford it. We can't afford SustiNet. It's quite proper to turn it around and say, we can't not afford to have such a simpler system.

You ask who's interested in maintaining the complexity, all the different advertisers, benefit assessors, and so on, and it's certainly not the public. It's not the cities.

It's not the State that benefits by having such a complex system as we seem to now.

So -- so what we would like to say, I think, again on behalf of not only the city that I work on city council of, but the State as a whole, the patients, the doctors who suffer under such a nasty and complex system, the small businesses, the small pharmacists. We've talked about them before.

The benefits of a uniform -- a uniform coverage with high-quality preventive care, a public health approach, medical homes, and good primary care, and so on, with a -- a single framework, publically financed, with adjustments, of course, whether it's a single-payer, or something else which is unified and simple, we just can't stress enough. So again, I would -- I would just appeal again for at least a favorable review of 6308 and 6305.

SENATOR CRISCO: Thank you, Doctor.

LARRY DEUTSCH: And I would ask if there are any questions, especially for those who are suffering, not only as patients, but providers in this complex situation. Thank you.

SENATOR CRISCO: Thank you, Doctor. I'll -- I'll take my job back and ask if there are any questions.

Any questions?

Thank you very much.

LARRY DEUTSCH: You're welcome.

coverage.

SENATOR CRISCO: Thank you so much, Matt.

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

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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

REP. CARTER: And would providers be able to choose which plan they would except or would they have to accept all those plans?

DOMENIQUE THORNTON: Well, you -- I think the interesting part about this and the beauty of it is that you get one card. So that everybody, regardless of whether you're a state employee or Medicaid, has a SustiNet card. And so then you would be within that coverage. In other words, I don't -- I don't think the state would be allowing you to take a state employee and not a Medicaid person. But on the other hand, they would be looking to raise the -- the reimbursements with the savings to the provider so that more people would have access. And that's, again, the point of the plan.

REP. CARTER: Okay, thank you.

DOMENIQUE THORNTON: You're welcome.

SENATOR CRISCO: Any other questions?

Thank you so much, Domenique.

DOMENIQUE THORNTON: Thank you.

SENATOR CRISCO: Proceeding now to -- back to 6308. Paul, is Paul Philson here?

Christine Joyner. Is Christine Joyner here?

Andrea, Andrea Penta?

ANDREA PENTA: Hello. Thank you for letting me come up here. My name is Andrea Penta. I live in New Britain, Connecticut, and I'm here in

support of SustiNet.

I've been uninsured for eight months now. After I graduated college, I was blessed to be accepted in AmeriCorps Program, my first grown up job with grown up benefits. But like all good things, my term of service came to an end. And I jumped into full-time -- full-time work.

I was offered COBRA continuing coverage, which cost $350 a month. On top of rent, groceries, utilities, and all the other necessities that I -- I didn't have enough in my budget to do it. So fast forward about nine and a half months, I was seriously close to that -- the health insurance eligibility date when I was let go. So it was hard enough to find a clinic appointment when I had a job and then when that was taking away, I was just like stuck.

Thankfully, I find a job -- I found a job but I'd have to wait the extra six months to -- to, you know, stay without health insurance.

And something needs to be done about people who don't get -- who don't qualify for a lot of the-- because I didn't even qualify for Medicaid or Charter Oak because I wasn't -- it wasn't past the six-month point.

And it's just -- something needs to be done with the people who fall through the cracks because we just don't have anything to do. And we're going to wait another six months for the, you know, something that we need to get fixed, and we'll just end up going to the hospital and get it fixed anyway.

So I just encourage you guys to think about the people who you're representing when you're doing all of this and just think about people like myself.

Thank you.

SENATOR CRISCO: Hold on Andrea, hold on Andrea, see if there are any questions?

ANDREA PENTA: Okay.

SENATOR CRISCO: But I would look into Anthem Blue Cross or, you know, they do have some policies that may be affordable.

ANDREA PENTA: Okay.

SENATOR CRISCO: You know, if look at it and also the HRA, you know in Connecticut.

ANDREA PENTA. Okay.

SENATOR CRISCO. They may also have a plan.

Are there any questions of Andrea?

We're sorry to hear about that but we're trying to help.

No, questions?

Yes, Representative.

REP. FLEXER: Thank you, Mr. Chairman.

I just wanted to say thank you for telling your story this afternoon. There are a lot of young

people in this state who fall into the cracks just as you describe very clearly, and I just really appreciate you coming to tell us your personal experience.

Thank you.

ANDREA PENTA: You're welcome.

SENATOR CRISCO: Any other questions?

Thank you, Andrea, and look into those two resources. You might be surprised.

ANDREA PENTA: Okay, okay.

SENATOR CRISCO: Kevin, is Kevin available?

HB 6308

KEVIN GALVIN: Good afternoon. My name is Kevin Galvin. I thank you for the opportunity speaking with you today. I'm a small business owner of 30 years here in Connecticut. And I'm chair of Small Business for a Healthy Connecticut, which is an advocacy group that's been around for several years advocating for health care reform.

I'd also like to thank the number of small businesses that were today that our numbers have dwindled a bit because of the hour but the best example of two small business people coming from Stamford this morning, closing their businesses because it was important for them to be here. And you'll be speaking -- to hear from at least one of them later on.

We're here -- I'm here to support SustiNet and to urge you folks to move forward as

expeditiously as you can.

There are many reasons why SustiNet is good for small business. For the many thousands of small businesses in Connecticut, we need -- we need our people insured. We need them to have affordable good quality, value-oriented health care that's portable.

We need -- one of the problems we see in -- in our businesses is a loss of productivity because of no health care. That instead -- instead of an employee that I had the first part of last week that had a cold. This morning he's out. He's in the hospital -- he's at the hospital. He's at the ER getting treatment that would have occurred in a doctor's office five or six days ago. And I just got a text from him moments ago, saying he's going to be out three days and he's on antibiotics.

With -- with increased productivity and a competitive health care product, we wouldn't -- I wouldn't be putting staff toward that person's not working. That's going to bring dollars to my bottom line. It's going to bring dollars to the state's bottom line, and I'm going to be able to hire more people. And they're many small businesses in that -- in that same situation.

So we urge you to -- to move forward. It's the right thing to do. It's the right time. SustiNet is clearly a well-thought-out product. We're fully comfortable with it from our perspective, from a perspective of small business. And we'd -- we want to improve the

quality of life for our employees. I mean that's what small business people like to do. Their small businesses are the employees, and this is something that's forgotten in this mix. And we want to bring forward that these people are people and they need coverage. And thank you very much.

SENATOR CRISCO: Thank you, Kevin. Can you just indentify your group again.

KEVIN GALVIN: Yes, Small Business for Healthy Connecticut.

SENATOR CRISCO: Okay and what is that made up of --

KEVIN GALVIN: It is -- it is an organization of -- of volunteer business people who have a board, and we're here visiting you on a regular basis about our concerns about health care reform.

SENATOR CRISCO: There are questions, Representative Coutu.

REP. COUTU: Thank you for being here and thanks for being a small business owner in the State of Connecticut.

KEVIN GALVIN: Thank you.

REP. COUTU: We appreciate it --

KEVIN GALVIN: It's an honor. It's actually an honor.

REP. COUTU: Yeah, awesome.

Just curious, do you provide health care for

your employees at this time?

KEVIN GALVIN: No, interestingly enough that's why I got involved in health care reform back in -- a way long time ago. When there was a -- there were really two reasons I got involved. One was many, many years ago, I found that when business was booming and I could expand that because I didn't have health care plan as part of my employment package, I couldn't bring in a higher level of technician I needed at the time. So that was my initial involvement for getting into health care.

So we -- the economy changed, we re-tooled, re-invented, as all small businesses do. And what I found in the -- in the late nineties early thousands is that my entry level people, who are coming in, we made a conscious decision to bring entry level people in to develop them, to educate them and really end up with a better employee at the end.

We were losing a huge amount of productivity because they were spending a lot time with either themselves or their families in the ER. And the stories just abound. It was a weekly basis. I didn't have to come before you and -- and use old -- old -- old information. It was fresh, as I just mentioned to you, with an example right now.

REP. COUTU: Right and what industry is your small business in?

KEVIN GALVIN: We provide handy-man services for national retailers throughout the state. We're based in Hartford.

REP. COUTU: Are they contracted employees?

KEVIN GALVIN: Pardon me.

REP. COUTU: 1099 employees?

KEVIN GALVIN: No, my employees are full-time, my employees. I presently have three.

REP. COUTU: Okay.

KEVIN GALVIN: Two years ago, I had nine.

REP. COUTU: Right --

KEVIN GALVIN: We're re-inventing every day.

REP. COUTU: We know business is challenging.

KEVIN GALVIN: Yeah.

REP. COUTU: You got to do what you got to do to stay -- stay afloat.

KEVIN GALVIN: Absolutely. That's the core.

REP. COUTU: Well, that's -- basically, I appreciate you being here and a --

KEVIN GALVIN: Thank you.

REP. COUTU: -- take care of yourself.

SENATOR CRISCO: Representative.

REP. SRINIVASAN: Thank you very much, Chair.

Thank you very much for your testimony.

KEVIN GALVIN: You're welcome.

REP. SRINIVASAN: I'm glad you're a small business owner because that's the backbone of our state. My concern is from the previous testimony we had heard that small businesses may still not be able to afford in the new system, in ages past, and with the rules everything else.

So you have not been able to provide your employees, in the past, because obviously the cost factor. You would love to provide it to them so that what would happen to your employee right now is not an ongoing saga definitely understandable. But what makes you feel that in the new system with the SustiNet that -- that cost factor would be something that would be affordable for you -- for your company?

KEVIN GALVIN: It's -- It's my feeling in looking at SustiNet that it's going to have efficiencies in it that's going to bring the cost down and it's going to be a competitive player in the insurance industry. And my hope is it will bring other insurance companies to that table and bring cost down and -- and bring services to us. Additionally, SustiNet, as I understand it, our -- my employees are going to be able to -- to get insurance on their own.

REP. SRINIVASAN: But that's way down the line.

KEVIN GALVIN: That is down the line.

REP. SRINIVASAN: I mean, we're not talking -- this is 2011.

KEVIN GALVIN: It is -- you know, it's -- it's been mentioned a few times today. What -- you know, what do we expect the cost savings to be? And I don't know that just as many others that come to the table that aren't economists. But it makes sense to me that if I'm -- if I'm a group coming -- or business coming into a -- a intact infrastructure with new ideas, efficiencies, a clear path for cost cutting that we have to reap some benefit from that. And, frankly, you know, many of you said that you have small businesses. In this economy any savings is -- is important.

REP. SRINIVASAN: Thank you.

KEVIN GALVIN: You're welcome.

REP. CARTER: Thank you Mr. Chairman. I wasn't sure I was going to ask a question yet but I will.

As a business owner then do you feel that a lot of other smaller businesses will try to forego having their own health care and just let the employees purchase it on their own?

KEVIN GALVIN: I don't believe that's going to be -- from several hundred employers that I have talked to over the last couple of years about this one on one, my take on it is, they clearly want to buy health care. They clearly want health care for their employees. If you -- and I'm talking primarily about micro-small business, the under nine. These people if one or two people are out sick, their life changes. Their bottom line changes that week. And in this economy, they're not making payroll that

week in some cases. So it has been clearly my opinion -- my -- my take from listening to these folks that it is their intent to go after health care for their -- as an employer for their employees.

REP. CARTER: Great. Thank you.

KEVIN GALVIN: It clearly is mine.

REP. CARTER: Well, I understand and it's -- it's obviously -- listen I think anybody in business nowadays understands that we lose a lot of productivity if we don't take care of people early and practice preventative medicine. There's no question about it --

KEVIN GALVIN: Yeah.

REP. CARTER: The data's clear. The question is how do you pay for it and who pays for it? So I was just curious from your point of view if you thought the business entities would rather let the employee do it and pay them for it or if you as a business owner would try to pick up the plan?

KEVIN GALVIN: I think they'll be some of that, let's be frank here.

REP. CARTER: Okay.

KEVIN GALVIN: There's some people that are going to allow the system to do what it's going to do.

REP. CARTER: Sure.

KEVIN GALVIN: But I also see small business as --

as having -- in general, having a pretty good moral clock when it comes to handling business, handling debt and handling its employees. And I'll go back to if I have one of my employees out for three days, my life is changing for this week. I shouldn't be here right now. And that's how many small businesses are operating.

REP. CARTER: Thank you very much.

KEVIN GALVIN: You're welcome.

SENATOR CRISCO: Thank you, sir.

Thank you so much, Galvin.

KEVIN GALVIN: Okay, thank you.

SENATOR CRISCO: Appreciate it.

KEVIN GALVIN: Thanks for your time.

SENATOR CRISCO: One more time in Christina here, Christina Joyner?

Paul Philson?

If not, we will proceed with the Public Health Committee.

SENATOR STILLMAN: Thank you, Mr. Chairman. I must say you've done an excellent job moving business along on the other bills and giving people an opportunity to express their opinions on the previous bills.

We're now going to be hearing testimony on House Bill 6305, better known as the SustiNet

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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

Connecticut Working Families
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February 14, 2011

HB6308

To the Co-Chairs and members of the Public Health, Insurance, and Human Services committees

Testimony in support of HB-6305, AN ACT CONCERNING IMPLEMENTATION OF THE SUSTINET PLAN

Submitted by Lindsay Farrell, Organizing Director

Each year we see two problems with our health care system grow here in Connecticut: health insurance and care costs more, and fewer of our residents have coverage.

The rising cost of health care is just one more squeeze on working- and middle-class families. Families face stagnant salaries and wages as the cost of health insurance is increasingly a burden on employers. Insurers pinch more and more out of a family's budget through higher deductibles, higher co-pays and other methods of passing costs on to families. And many families are forced to either pay exorbitant fees for insurance or simply forego coverage because premiums are too high.

So working- and middle-class families see worse health outcomes and are less and less able to afford our current system.

Simply put, the SustiNet plan is an excellent way to both improve the quality of care for families in Connecticut, and make the system more affordable for workers and employers.

• The creation of a large pool insurer would eventually provide small employers and individual families an affordable plan with the same high-quality coverage our legislators and state employees currently enjoy. Until small businesses and families are empowered to get a fair deal from insurers, health coverage will become more and more of a burden.

• The quality of care is improved for all SustiNet insurees through the creation of a 'medical home,' and by rewarding physicians for health outcomes, rather than procedures and tests.

Working Families also supports HB No. 6308, AN ACT ESTABLISHING THE CONNECTICUT HEALTHCARE PARTNERSHIP, because of the need for an aggressive pooling bill that will effectively negotiate with insurers and reduce costs through shared risk.

National Association of Social Workers / Connecticut Chapter

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Stephen A Karp, MSW, Executive Director
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Testimony Regarding H.B. No. 6305 An Act Conncerning Implementation of the Sustinet Plan
Gretchen Vivier, MSW
February 14, 2011

Good afternoon Committee chairs and members. My name is Gretchen Vivier. I am a member of the legislative committee of the Connecticut Chapter of the National Association of Social Workers (NASW). NASW strongly supports HB 6305. Implementing the Sustinet Plan would be beneficial to the people and organizations social workers serve as well as to the social workers themselves.

The Sustinet Plan has provisions that control costs – negotiating to obtain discounted prices and securing new and increased federal funding. Other provisions control costs AND imrove the quality of health care at the same time – preventing and controlling chronic illnesses, increasing the use of health information technology, and using evidence-based medicine. These above measures could work well because of the potential size of the network.

NASW also applauds the efforts to track and reduce racial and ethnic disparities. However, my personal favorite provision is the one that states, "All SustiNet Plan members shall be provided with member identification cards that have an identical design." That way the clients social workers serve who are covered under Medicaid or HUSKY will no longer discriminated against simply because of their insurance coverage.

Many social workers are self-employed or work for nonprofit organizations. Allowing them and their organizations to buy into this pool would open up new options for them. I have heard from many of our members that they would like to set up their own practices but could not because of the cost or unavailability of health insurance. One social worker believed she was the only one in her county who provided services for elders in their homes. Though she was thereby saving money for the healthcare system, that same system was unable to provide affordable coverage for her. In the end, she had to close her practice.

NASW is a small nonprofit itself and could also benefit from Sustinet. Our executive director tells me that our rates increased last year by 44%! In response, he increased the prescription co-pay and the rate went still ended up a 24% increase. In previous years the increases were in the mid-to upper teens, but this year we had "only" a 9% increase.

NASW is also generally supportive of H.B. 6308 An Act Establishing the Connecticut Healthcare Partnership and HB 6322 An Act Concerning State Prescription Drug Purchasing. Though we prefer the more comprehensive provisions of the Sustinet Plan, we feel that these bills take steps in the right direction.

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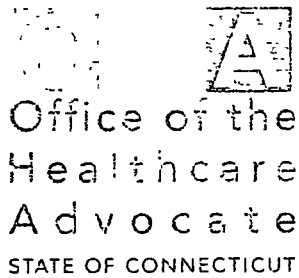

Testimony of Victoria Veltri
Acting Healthcare Advocate & General Counsel

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

Testimony before Public Health, Insurance and Real Estate, and Human Services Committees Joint Hearing
February 14, 2011

Good morning Committee Chairs and Members. Thank you for this opportunity to speak on such an important topic. I am Mary Moninger-Elia, Connecticut Staff for the Alliance for Retired Americans, with membership of about 53,000 in Connecticut and over 4 million nationwide.

Retirees have experience advocating for health care reform. This is not a new battle, but we are getting closer to a resolution, which is why I am speaking in support of HB 6305, the implementation of SustiNet and HB 6308 establishing the Connecticut Healthcare Partnership.

As retirees, we are concerned about what we will be leaving for our children and grandchildren. Affordable, accessible, quality health care is certainly one crucial thing we want to pass on to the next generation. SustiNet is an opportunity to do that and I urge you to pass its implementation.

Health care insurance was once a benefit of working for almost any firm or small business, and so workers enjoyed the security of knowing that they could manage the health needs of their families. However, the climate of the last few decades that brought hostile take-overs, downsizing, out-sourcing of jobs, and the need for higher and higher corporate profits fed into the financial crisis and caused the loss of health care coverage for many families. The situation is abysmal and unsustainable.

SustiNet will offer the promise of controlling those rising costs while keeping our families healthy. The focus on preventative care and management of chronic illnesses, and covering programs to fight public health problems like obesity, will stretch our health care dollars. Medical homes and coordination of care just make sense. Electronic medical records will not only save money but it

should reduce errors and overlapping treatment. The SustiNet Board and the hundreds of people who volunteered their time to put flesh on the bones of the concept passed in 2009 should be commented for their work and this legislation that came from their recommendations should be passed.

Connecticut should be in the forefront of insurance improvements and we certainly want to be the best at health care for our residents. SustiNet will help us position Connecticut to be the model for the country and gather funding available from federal health care reform to help us finance our plan. The pooling of many into a large risk pool helps small businesses and individuals, and, as towns move into the pool, it will help with local property taxes. And there are protections of the SustiNet pool, so that adverse selection cannot occur. It just makes sense.

I watched the presentations by Stan Dorn of the Urban Institute and others televised from this building on public access TV. I'm sure many of you were there for those briefings. Listening to the description of how Sustinet would work, the increase in choices people will have and the projected cost savings for Connecticut I felt like we are on the verge of solving an issue we have wrestled with for years.

SustiNet should have been passed years ago, but by all means, pass it now and work for it to make its way to the Governor's desk, and leave something significant to future generations.

Mary Moninger-Elia
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Testimony by Sal Luciano, Executive Director
Council 4 AFSCME Council 4
Insurance and Real Estate Committees
Re: HB 6308 and 6305
Feb. 14th 2011

Good morning distinguished members of the Real Estate and Insurance Committees. My name is Sal Luciano.

I am the Executive Director of Council 4 AFSCME, a union representing 35,000 workers in the public service.

You all have heard these words: "That which is transplanted is sustained". This is the English translation of CT's state motto.

Sustinet is the Latin name for 'sustained'. The Healthcare 4 All Foundation thought up the name. The need for a health care system (instead of a health care business) was seen at HC Insurance costs went up 100% in 8 years. This type of increase is not sustainable.

What does SustiNet do?

For those that want Government out of health care they need know that between those on Medicaid, Medicare, State and County and municipal workers coverage, Government already covers a majority of people.

The state of Connecticut spends almost 7 Billion dollars a year between these (not including municipalities) and could do it much better if it **coordinated the state's purchasing power; a concept referred to as pooling.**

Just one example is the city of Hartford. By buying prescription drugs at State employee prices, Hartford saves 2 million dollars a year. And the additional employees allow CT to reach the next tier of rebates, saving CT taxpayers another 6 million dollars.

It would reduce emergency room visits by having medical homes.

Emergency room visits run 10 to 15 times the cost of a Dr.'s office visit.

Yet the Doctor's office itself drives people to the emergency room. When you call the doctor The first thing on the answering machine or phone service tells you that if "you don't think you can wait to make an appointment, go to the emergency room".

Medical home are open into the evening and for later hours, urgent care clinics will be provided. These small innovations will not only help you be seen quicker and more inexpensively, it saves lives as the emergency room will be used for well…Emergencies.

It would provide better outcomes: SustiNet would pay physicians and hospitals a little more for better outcomes. The only reason we have such high (3rd world) infection rates is that there is no incentive not to. If you get an infection now, you get more treatment; the health care industry charges you more. Under SustiNet, providers would get more money to keep infections down and they would have to provide care free if you get an infection.

It would also treat you and not your illness. If for example, you come to see your dr. with a sprained ankle, they will also see what screenings you may need based on your age and family history.

It would keep costs lower by making sure you get the care you need. SustiNet would practice evidence based medicine. By this I mean that you get the care that best practices say you should. For example, you would get robotic surgery if that is what is required and you would NOT get it if it is to help pay for the hospital's mortgage on those machines.

There are about 6,000 prescription drugs and 4,000 surgical procedures. Medicine today is practiced more of an art then as a science.

It would keep costs lower by preventing chronic diseases. 5 % of a health care system's members cost 50% of the health care dollars. People with diabetes tend to have other problems, eyesight, hypertension cholesterol ED and other problems.

For every person you prevent from getting a chronic disease, they reduce the costs significantly AND have better health.

Obesity is the #1 epidemic in this country. 10 years ago, no state had a 30% obesity rate and today there are 9. The state that was the heaviest ten years ago is leaner than the leanest state (Colorado) now. This masks the biggest problem; children. Our children are so heavy that they no longer call type 2 diabetes "adult onset". Children as young as 8 are getting type 2 diabetes.

It would coordinate information in electronic form. If you were in an accident and were unable to speak, the hospital, any hospital could find out about your medical history and make sure they provided good care. They would know if you are allergic to anything, they would know what medications you are on so that they didn't give you something that might react badly with the medication that you are on.

If, as some claim, as I claim, that the playing field is not level, strong empirical evidence shows it is tipped in the favor of management, not labor.

Our union urges your support of HB 6308 and 6305. We have come too far to turn back the hands of progress and fairness. Thank you very much.

CAHS

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Testimony before the Public Health, Human Services, and Insurance and Real Estate Committees
H.B. 6305 – An Act Concerning the Implementation of the SustiNet Plan
H.B. 6308 – An Act Establishing the Connecticut Healthcare Partnership

Submitted by Maggie Adair, Deputy Director
Connecticut Association for Human Services
February 14, 2011

This testimony is submitted to the Insurance and Real Estate, Human Services, and Public Health Committees. I am Maggie Adair, Deputy Director of the Connecticut Association for Human Services (CAHS). CAHS is a statewide nonprofit organization that works to end poverty and to engage, equip, and empower all families in Connecticut to build a secure future.

CAHS is testifying in support of **H.B. 6308 –An Act Establishing the Connecticut Healthcare Partnership.** We commend Speaker of the House Chris Donovan for his leadership role in his efforts to make health care more accessible and affordable for municipalities, nonprofits, and small businesses. CAHS has testified and spoken publicly in support of the pooling proposal in the past, and we see the Speaker's work on this issue as critical in moving toward broader health care reform.

CAHS is also testifying in support of **H.B. 6305 – An Act Concerning Implementation of the SustiNet Plan.** For several years, advocates participated in the healthcare4very1 campaign to enact SustiNet, the most complete Connecticut-specific plan for universal health care ever presented to the Legislature. In 2009, SustiNet legislation was passed that authorized the development of an implementation plan. For months, committed stakeholders have met in working groups to research, think through, and come up with implementation steps. Lt. Governor Nancy Wyman and State Comptroller Kevin Lembo are commended for their leadership in leading this tireless effort. We also applaud the Universal Health Care Foundation of Connecticut for its leadership, tenacity, and vision in producing the SustiNet plan.

The groundwork is now done and it's now time to implement the plan. SustiNet is the product of the best thinking of experts and the combined ideas of many stakeholders. With federal health care reform passed and in the process of being phased in, and with the complementary planning under SustiNet, Connecticut is an unusually unique position to create a comprehensive health care system. **Connecticut must not shrink from this challenge and this great opportunity.**

SustiNet offers a high-quality health insurance plan that promotes healthy competition in the marketplace through new choices, and a new level of accountability and transparency. It invests heavily in evidence-based prevention strategies to keep people healthy, lower costs, and promote sustainability of the health care system. SustiNet addresses the uninsured and underinsured. It addresses inefficiencies, employs best practices that tackle care coordination and communication, and ultimately keep us healthier and saves us all money.

SustiNet proposes smart and logical ideas. For example, every person would have a medical home. What this means is one medical professional would manage a person's health care needs. Having a medical home would

result in better coordination, avoid duplication of service, ensure appropriate care, and eliminate wasted health-care dollars.

A cornerstone of SustiNet is the creation of a large pool to create a critical mass of people, thus creating leverage and lowering cost. The pooling concept has opponents, many from the business community. Pooling exists in the private market place. Why can't it exist in a quality public health insurance plan?

Another key feature about SustiNet is choice. There is no mandate to participate in SustiNet. Workers can choose to remain with their current employer-sponsored health care plan. Businesses can choose to offer their current plan or they can choose to join the SustiNet plan. CAHS thinks expansion of choice in the health care system is a good thing. **Choice is healthy for the market place.**

The current health care system is not sustainable. The ranks of the uninsured and underinsured continue to grow. Businesses are heavily burdened by the rising cost of providing health care coverage to their employees. Increasingly, small businesses are unable to provide health care coverage because they simply cannot afford it. As access to quality health care narrows, more and more people are not getting the health care they need, and they are getting sicker and sicker. As a result, the cost of treating much more serious conditions is going up. The health system is a drag on the economy and a drag on our people.

Connecticut is poised to leap ahead of other states by implementing SustiNet in conjunction with the components of national health care reform. Because of the work of national experts and the commitment by the Universal Health Care Foundation, Connecticut is ahead of the curve in the movement to build a new health care system. Connecticut has a great opportunity and it's critical that we do not pass it by. We cannot afford not to do this. Our people and our economy depend on it. **SustiNet is smart, it's right, and it's time.**

Thank you for giving me the opportunity to submit testimony today.

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

280 Trumbull Street | 27th Floor | Hartford, CT 06103-3597 | 860.275.8372 | Fax 860.541.4923 | www.ctahp.com

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.

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.

AARP Testimony

H.B. 6308-- An Act Establishing the Connecticut Healthcare Partnership

February 14, 2011

AARP supports health care pooling through the state employee health insurance program to address the high costs and lack of choice that individuals and small-group purchasers face. We must ensure that all Connecticut residents have access to quality, affordable health care. This includes the 70,405 uninsured Connecticut residents age 50-64, among the fastest growing group of uninsured.

H.B.6308 opens the state insurance program to public non-state employees, small employers and nonprofit employees. AARP believes that the quality of the state employee health insurance plans coupled with the increased bargaining power and reduced administrative costs associated with a larger state plan pool should allow employees of municipalities, non-profits, and small businesses greater access to quality affordable health care. This is critically important for the families and employers in Connecticut now spending on average more than over $13,400 per year in health care premiums for family coverage.[1]

We believe that H.B. 6308 also would result in savings to municipalities. By opening up the state employee health insurance plan to municipalities that voluntarily choose to participate, towns could decrease their health care costs and provide a richer health care benefit to their employees. The same is true for non-profit organizations and small businesses that choose to participate. These health care savings are particularly beneficial during this time of fragile economic recovery. It could make the difference for employers struggling with insurance costs that might otherwise drop coverage all together or raise the employee share of premiums, increase deductibles and co-pays or cut benefits.

AARP supports the new coverage option proposed in H.B. 6308. We believe that the health reform work already underway in our state has positioned us to take the lead nationally on health care reform initiatives. AARP has long advocated that life-saving health care is a right, not a privilege. AARP believes that all individuals have a right to health care services when they need them; coverage that provides adequate financial protection against health care costs; high quality health care; a reasonable choice of health care providers; and the financing of the system should be equitable, broadly based and affordable to all.

[1] Connecticut Quick Health Facts 2010, AARP Public Policy Institute (July 2010)

TESTIMONY IN SUPPORT OF HOUSE BILL 6308
AN ACT ESTABLISHING THE CONNECTICUT HEALTHCARE PARTNERSHIP
JOHN MURPHY – CONNECTICUT CITIZEN ACTION GROUP

Good afternoon Senator Stillman, Representative Ritter, Senator Crisco, Representative Megna, Senator Musto, Representative Tercyak, and members of the Public Health, Insurance and Real Estate and Human Services Committees.

My name is John Murphy, and I am here today to express the Connecticut Citizen Action Group's strong support for House Bill 6308, *An Act Establishing the Connecticut Healthcare Partnership.*

This bill opens the state employee health plan to non-profits, small businesses with less than 50 employees, and municipalities on a voluntary basis. It gives access to the high quality affordable benefits that you, as legislators and even the Governor, currently enjoy.

It allows employers to take advantage of the increased bargaining power of the State plan's 200,000 members.

It reduces administrative costs due to the efforts of the State's Health Care Cost Containment Committee. The Health Care Cost Containment Committee has been successful for several decades in keeping health care costs down through innovation and economies of scale.

It allows the state to better deal with healthcare costs of non-profits with state contracts directly, without expecting them to absorb increases in healthcare without increases in their payment rates.

It provides badly needed relief to municipalities, who struggle with higher healthcare costs every year, and helps offset local property taxes.

It provides financial relief to small business enterprises our State and our economy rely on — allowing them to provide their employees and their families with good healthcare at fair prices. It enables health care savings to be allocated to growing their businesses and to attract and retain talented people. You know, fuel the engine of our economy.

This bill is a plus for municipalities, small businesses and non-profits who can no longer withstand annual double digit premium increases, sometimes 20 per cent or more.

It is a plus for the State, taxpayers, employers and health care consumers – a plus all around.

In 2009, the General Assembly passed Public Act 09-147, which was the framework for this year's House Bill 6308. I should be testifying today about expanding the Connecticut Healthcare Partnership to include small businesses. We should have already been helping municipalities and non-profits, but we're not.

The former Governor vetoed this forward thinking legislation on behalf of health insurance corporations, the same health insurers believe they're entitled to ask for 38 per cent increases and whine about settling for 20 per cent. They act like the schoolyard bullies who steal our lunch money every day and think they're entitled to it. They're not.

You understand the needs of our cities and towns, small businesses and non-profits. You did the right thing in 2009 by providing us with a choice that would have helped us save real dollars.

In 2011, the needs are greater than ever. As you struggle with a budget deficit, so are all of us. You can use the State's buying power to help us all. Please pass House Bill 6308. Thank you.

Testimony
To
Insurance and Real Estate Committee
House Bill 6308
Bristol Community Organization, Inc.
55 South Street
Bristol, CT 06010
Thomas H. Morrow, Executive Director
February 14, 2011

Good morning. I would like to thank Senator Crisco, Representative Megna, Senator Kelly and Representative Coutu for this opportunity to testify before you regarding "AN ACT ESTABLISHING THE CT HEALTHCARE PARTNERSHIP".

This bill would allow small businesses and nonprofits to join the Connecticut state employee health care plans. This bill is a long awaited, vital bill to all nonprofits. Bristol Community Organization, Inc. is a community based organization serving individuals and families who don't have sufficient means to care for themselves. We serve a five town area: Bristol, Burlington, Farmington, Plainville and Plymouth. Last year, BCO served over 11,000 unduplicated individuals and over 5,000 families.

I have been the Executive Director at BCO for over 25 years. Essentially, nonprofits like BCO are small businesses. We have to raise money, hire staff, meet deadlines, deliver services, ensure positive outcomes, and balance my annual budget. We are responsible to taxpayers, donors to foundations, corporation and individual givers.

Over the years, as I have planned on staffing, it was standard to figure a salary and then to add 21% of that figure as a benefits package. Because of the skyrocketing health care cost increases of the past 20 years, that benefits percentage is now 47%! **If a person is a family of two, under 50 years old and making a salary of $50,000, that person will cost us $83,500.**

BCO has a staff of 77 employees. Of those, 25 are full time and 52 are part time. We cannot afford to hire a full time person because of increased costs in health care. And, frankly, even in these tough economic times, it is difficult to find competent, educated staff who would choose to work 30 hours a week – with no benefits.

In addition, we all know that as costs have gone up, coverage has gone down. The quality of plans available to nonprofits and small businesses has diminished.. I support this bill because it is the best way to improve the economy, encourage economic growth and create jobs. Thank you for your consideration and support.

National Association of Social Workers / Connecticut Chapter

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Karen Bullock, Ph.D., LCSW
Stephen A Karp, MSW, Executive Director
naswct@naswct.net

Testimony On:

Raised Bill 6308: An Act Establishing The Connecticut Health Care Partnership

Human Services, Insurance and Public Health Committees
February 14, 2011

Presented By: Stephen A. Karp, MSW, Executive Director

The National Association of Social Workers, Connecticut Chapter, representing over 3300 members, supports Raised Bill 6308.

As a small non-profit employer that is committed to providing comprehensive health insurance to eligible employees we have found that our options for coverage are extremely limited. First limited as to the number of insurers who will write a policy for a group of up to four employees and then further limited as to finding comprehensive coverage that is affordable given our organization's budget.

Currently the two pooling choices we have are the Chamber of Commerce and the Connecticut Business and Industry Association (CBIA). Together these two organizations have a near monopoly on the options available for many of the small nonprofits such as NASW/CT. These two options however require payment of membership dues in order to access their health insurance plans which is troublesome to us, because both of these organizations spend significant resources lobbying the Legislature for the advancement of policy positions that are directly opposite of the positions taken by NASW, CT Chapter. We do not object to these organizations lobbying on their issues however we do object to having to pay dues into one of these organizations in order to be eligible for a pooled insurance plan. Instead we have purchased insurance directly through an insurer, which means we have no buying power. The rate increase in 2010 was 24% and in 2011 was 9%, which is still significantly high for us.

At present three of four eligible employees have opted out of the health insurance plan. However, if all the eligible employees sign up for the coverage we would need to cut approximately $20,000 from the current operating budget, meaning we would have to cut staff hours or would have to raise the employee contribution on premiums to an unaffordable percentage.

Besides the value to NASW/CT this bill will offer many of our members in independent practice with an option for purchasing of health insurance. We estimate that at least 600 of our members in solo or small group practices and for those who do not have coverage through as spouse or partner finding suitable options for health care coverage is difficult and often unaffordable. Bill 6308 will provide these clinical social

workers, who are running their own mental health practice, with a choice for coverage that gives them premium rates based on a pooled plan.

Opening up the state employee health plan to small businesses and non-profits would provide such employers, including NASW/CT, with a pooling option for health insurance coverage that would not require us to be contributing to an organization that promotes a political agenda that is counter to our own. It will also build in healthy competition in the small employer health insurance marketplace, which the Chamber of Commerce and CBIA should, as advocates of a free marketplace, support. At the same time opening the health plan to nonprofits would expand the number of covered individuals in the plan, which should allow the plan to negotiate more favorable coverage rates and increase the amount of premium dollars in the plan's fund. For our organization it could mean having additional dollars for expansion of staff hours and for some employers even allowing for the hiring of additional staff. Opening up the plan will create a win/win situation, good for the health plan, the state's nonprofits and small businesses.

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INSURANCE AND
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PART 7
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2011

Testimony
Bart Russell
Connecticut Council of Small Towns
Before the
Public Health, Insurance & Human Services
February 14, 2011

RE: HB-6308 (RAISED) AN ACT ESTABLISHING THE CONNECTICUT HEALTHCARE PARTNERSHIP.

The Connecticut Council of Small Towns (COST) ***supports HB-6308*** which establishes the Connecticut Healthcare Partnership, aimed at helping towns and other entities reduce health care costs.

The skyrocketing costs for local employee and retiree health insurance represent one of the most serious fiscal challenges facing small towns. Double digit increases in health insurance costs have begun to dominate budget growth in many communities resulting in fewer resources available for other critical services, including education.

Moreover, towns are restricted in their ability to manage these health care costs by state laws and practices. The need to negotiate employee health coverage makes it difficult for municipalities to respond to changing budgetary constraints or new plan offerings in a timely manner. As a result, we welcome opportunities to address health care costs through legislation which would provide more affordable opportunities for towns to provide health insurance to their employees.

COST fully appreciates the opportunity to participate on the work group, initiated by Rep. Chris Donovan, to review and discuss the proposal to meet the needs of towns and other stakeholders. The issues that COST, as advocates for the state's small towns, must focus on relative to this proposal are, as follows:

■ **Voluntary Approach** - We are very pleased that the proposal takes a voluntary approach which allows towns to determine whether participating in the state health insurance plan can truly achieve cost savings. While we recognize that the increased bargaining power and reduced administrative costs associated with joining the state health insurance plan may provide some savings, the rich health insurance benefits offered by the state plan may continue to make this option more expensive for our small towns. Our support for any proposal to open up the state employee health insurance plan to towns continues to be conditioned upon it being a voluntary program.

Connecticut Council of Small Towns
1245 Farmington Avenue, 101 West Hartford, CT 06107
860-676-0770 860-676-2662 Fax

■ **Part-time and Seasonal Employees** – It is our understanding that the bill is not intended to create any obligation on the part of the towns to provide health insurance benefits for part-time and seasonal employees or other employees who are not currently eligible for benefits. We will continue to review the language to ensure that this intent is reflected in the bill.

■ **Collective Bargaining** – In our discussions with the workgroup, it has been noted that the bill is not intended to create any additional right to collectively bargain health insurance benefits that does not exist under current law. Again, we will continue to review the language to ensure that this intent is reflected in the bill.

■ **Non-Municipal Employees** – As currently drafted, the bill does not create any obligation on the part of towns to provide health insurance benefits to contractors that provide certain services to the towns, such as bus drivers. COST has opposed legislation which would have extended health insurance benefits to these individuals.

COST remains committed to working with the committee to develop effective public policies to address staggering health insurance costs facing Connecticut's small towns and look forward to working with you towards this end. Thank you for your kind consideration. Please contact me at 860-676-0770 if you have any questions.

Connecticut Council of Small Towns
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Testimony of Sharon Palmer, President
AFT Connecticut

HB 6308 An Act Establishing the Connecticut Healthcare Partnership

Insurance & Real Estate, Human Services and Public Health Committees
Joint Hearing - February 14, 2011

Good morning. My name is Sharon Palmer and I am the President of AFT Connecticut, a diverse labor union representing 28,000 members in the private and public sectors. Our members are teachers and other school personnel, municipal employees, healthcare workers and state employees. It is on their behalf that I urge you to support HB 6308, legislation that would create the Connecticut Healthcare Partnership which would allow municipalities, small businesses and nonprofit organizations to join the state employee health insurance pool.

State employees are fortunate to have good quality health insurance at an affordable price. Because the state employee pool is so large, allowing the risk to be shared so effectively, premiums have remained constant in the last several years.

Unfortunately, because municipalities must purchase insurance on their own, they cannot enjoy the savings derived from shared risk within a large pool. Many have seen annual double digit rate increases. HB 6308 bill would provide necessary relief to our municipalities by providing them with an opportunity to save money without jeopardizing quality. As many as 24 other states allow local government employees to participate in their state employee plan. It's time to do this in Connecticut.

Small businesses have suffered greatly in this economic downturn. They have had to deal with dwindling income and surging costs to provide health insurance for their employees. Many are have been forced to dilute coverage, impose larger premiums and co-payments on their employees or abandon health insurance coverage altogether. By giving them access to the bargaining power of the state employee pool, they will be able to cut costs dramatically. Making quality health care affordable and accessible is good for Connecticut's economy and is good for taxpayers.

As a union, AFT Connecticut is a nonprofit organization. We, like other nonprofit organizations, have been facing years of skyrocketing healthcare prices. With fewer than 30 employees, we are at the mercy of the insurance industry when we purchase healthcare benefits for our staff. Our annual rate increases have been over twenty percent. That is just not sustainable. HB 6308 would allow us and other nonprofits to continue offering the best possible benefits to our employees.

We stand at an important crossroads in Connecticut. It's time to make smart decisions that will improve healthcare access and save our state and our taxpayers money. I urge you to support HB 6308. Thank you.

Administrative and Residual Employees Union
Local 4200, AFT CT, AFT, AFL-CIO
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Professionals Working So State Government Works

Committee on Insurance and Real Estate

Testimony on February 14, 2011 on

AN ACT ESTABLISHING THE CONNECTICUT HEALTHCARE PARTNERSHIP, Raised Bill No. 6308

By Michael A. Winkler, First Vice-President, A&R, Local 4200 of AFT
A&R represents the administrative (P-5) bargaining unit of state employees.

Section 2, states: "The Comptroller shall **offer** coverage..." and, "The Comptroller shall **offer** coverage..." and, "The Comptroller shall **offer** participation..." This bill does not mandate anyone do anything except for the Comptroller, and he's willing to take on the mandate.

Section 2(g) protects the State Employee Plan from any possible harm from Federal law for offering coverage.

Section 3 makes participation in the plan a **permissive** subject of collective bargaining. Only if a municipality and a union voluntarily agree will bargaining occur on the conditions under which participation may occur.

Section 3 uses an actuary to make sure that no employer shifts a disproportionate part of their employees' medical risks to the state employee plan.

Section 4 uses an actuary to make sure that no employer shifts a disproportionate part of their retirees' medical risks to the state employee plan.

Section 8 requires that SEBAC agree to include Sections 1-5 into the state employees collective bargaining agreement on health care before coverage under the state employee plan is offered. This provides state employees all of the protection that their agreement has now.

In summary, this bill is an offer to municipalities and small employers. They're free to take it or not as they wish. The state employee plan is protected.

Thank you.

FTR ✓

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CEA
Advocating for teachers and public education

Connecticut Education Association

Governance
Philip Apruzzese, President
Sheila Cohen, Vice President
Cheryl Prevost, Secretary
Jeff Leake, Treasurer
Maureen Honan, NEA Director
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Affiliated with the National Education Association

Testimony of

Ray Rossomando, Legislative Coordinator
Connecticut Education Association

Before the

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

Re: House Bill 6308 An Act Establishing the Connecticut Healthcare Partnership

February 14, 2011

Good morning Senator Crisco, Senator Stillman, Senator Musto, Representative Menga, Representative Ritter, Representative Tercyak, and members of the Insurance and Real Estate, Public Health, and Human Services Committees. My name is Ray Rossomando, Legislative Coordinator for the Connecticut Education Association, representing 40,000 teachers across the state.

We greatly appreciate the work your committees have done over the past few years to address unsustainable increases in health insurance costs experienced by citizens of Connecticut. And, we appreciate your continued commitment toward the goal of controlling costs and promoting access.

I am here to speak in favor of proposed HB6308 An Act Establishing the Connecticut Healthcare Partnership, which requires the comptroller to offer coverage under the state employee plan to non-state public employers, as well as small employers and nonprofit employers. Our research shows that at least 24 other states allow municipal employees to participate in state employee health care plans. We think Connecticut should do so, too..

As you know, the concept of extending the state employee insurance pool to other public employers, and to the private sector as well, was passed by the legislature in 2009 (PA 09-147), only to be vetoed by Governor Rell. We believed then that such a cost-efficient expansion of the insurance pool would result in savings to municipal and school

board budgets across the state. What we have experienced in the nearly two–years since reinforces our belief.

Our concern is most notably on behalf of teachers who each year assume a greater proportion of the health insurance costs they share with their employers. According to the Kaiser Foundation's 2009 Employer Health Benefits Survey, health insurance premiums jumped 131% in the 10 years prior. The report further noted that this growth rate greatly outpaced inflation and was three times greater than wage increases during that period.

Over the last couple of years, thousands of teachers across the state saw their salaries frozen, while many also experienced increases in their insurance premiums exceeding 20%.

Last year the Oxford Board of Education received a 37% health insurance rate increase from its insurer. The Region 8 School District (Andover, Hebron, and Marlborough) was hit with a 24% rate increase and Darien saw a rate increase of 47%. The impact of increases like these on teachers, especially those who had agreed to salary freezes, is a net reduction in take home pay at a time when families and our economy could benefit greatly from having more disposable income in their wallets.

For example, employees participating in a family plan costing $20,500 would see their share of the premium increase $1,190 if a 37% renewal were applied[1]. For a teacher making $56,582 (e.g. the salary for a 7-year teacher in Oxford with a Master's Degree), this would equate to a 2.25% reduction in take home pay. The magnitude of real-life fiscal challenges faced by teachers, and other workers, who face soaring insurance costs is significant and far-reaching.

Our concern is also with ensuring that local school budgets can efficiently provide vital school programs without balancing the books on the backs of teachers and staff. HB6308 holds the promise of making the delivery of education and other municipal services more economical, and that is in everyone's best interest.

To this end, we are concerned about a provision that could constrain savings. The bill makes <u>initial</u> participation in the plan a permissive, rather than mandatory, subject of bargaining. It then converts the question of participation into a mandatory subject of bargaining only for those groups who have previously agreed to do so.

Making initial participation in the plan a permissive subject of bargaining could artificially constrain the potential participation of 110,000 municipal and board of education employees across Connecticut. A reduction in participation would ultimately limit the savings not only to employees, but also to municipal taxpayers who share in the costs. Consequently, we respectfully ask the committee to consider making non-state public employer participation in the state employee plan a mandatory subject of bargaining from day one.

We would also like to note that unlike the bill before us today, the 2009 legislation also required the comptroller to convert the state employee health insurance plan from a fully-insured plan to a

[1] Assuming a 17% contractual premium cost share for teachers and average family plan cost of approximately $20,500.

self-insured plan. This provision has not been included in the current version of the bill. To maximize savings for employees, as well as local and state taxpayers, the State should not foreclose on the possibility of converting the plan to self-insured. We suggest that going forward, a provision be included to permit the comptroller to convert to a self-insured plan should it be fiscally prudent to do so and acceptable to the employee groups who are participating in the plan.

There are many inter-related pieces of insurance reform under consideration in your respective committees. We consider the components of the Healthcare Partnership contained in this bill to be among the most critical toward the goal of making health insurance in Connecticut more affordable and accessible. We urge your support.

Thank you.

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HB6308 ✓
HB6322
HB6323

Service, Education, Advocacy

Contact: Domenique Thornton, Esq. at (860) 529-1970 extension 11

Good Morning, Chairman and members of the Joint Committees. My name is Domenique Thornton. I am the General Counsel and Director of Public Policy for the Mental Health Association of CT, Inc., (MHAC). MHAC is a 100-year old private non-profit dedicated to service, education and advocacy for people with mental health disabilities. Thank you for the opportunity to tell you why I am strongly supporting all of the bills for joint favorable passage at today's pubic hearing. This set of ground breaking legislative proposals reforms the health insurance landscape in Connecticut, putting the emphasis on coordinated health care delivery and wellness not sickness insurance. These reforms will undoubtedly make health insurance more affordable and accessible. In addition Connecticut residents can expect to enjoy better health outcomes.

Also importantly these proposals will save the state money and bring new federal dollars to Connecticut in addition to putting Connecticut in the forefront of national health reform that slows cost growth and delivers better quality health care improving the care residents throughout the state. Currently, the Connecticut state government spends about $8 billion annually on health care coverage for state employees, retirees, Medicaid recipients and other populations. $8 billion is almost half the state budget. You must seize this opportunity to act now to slow heath care costs while improving healthcare delivered. With Federal health care reform, Connecticut taxpayers will save by replacing current state spending on HUSKY and Medicaid with newly-available federal dollars. These proposal will make Connecticut eligible for a 90%

match in federal dollars under the Affordable Health Care Act. By coordinating healthcare services and emphasizing wellness through primary care delivery, Sustinet is poised to save dollars by reducing the overall costs of chronic co-morbid conditions that often go untreated in the current healthcare system until there is a costly health crisis.

Costs will also be reduced for Connecticut's employers. The Connecticut Heathcare Partnership proposed in H.B. 6308, to allow non-state public employers, municipal-related employers, small employers and non-profit employers to join the state employee health plan will save money by create larger pools among which to spread the risk of healthcare to help lower the costs of insurance. It will also provide more choices in healthcare options for employees.

The same can be said of the State Prescription Drug Purchasing Plan to lower costs by taking advantage of larger group purchasing power. I would only request that the Preferred Drug List safeguards that we have in place already in Connecticut be adopted into H.B. 6322 to protect the process that insures that recipients will have access to a greater choice of drugs and not be forced to take generic only. I would also like to request that H.B. 6323 be amended to ensure that "each such group policy shall comply with the provisions set forth in the Paul Wellstone and Pete Domenici Mental Health Parity and Addiction Equity Act of 2008, P.L. 110-343."

Thank you.

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 ask these committees to oppose **HB-6308, An Act Establishing the Connecticut Healthcare Partnership**. As currently envisioned, **HB-6308** would open the expensive state employee health plan to small businesses and others. This new state-run health plan would compete directly against the private sector.

Job Losses

At a time of significant job-loss and economic uncertainty, any legislation that threatens to make this crisis worse must be rejected. For the pooling plan under **HB-6308** to succeed, it must do so at the expense of private industry since it envisions itself as a direct competitor to private industry.

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.

Since HB-6308 seeks to have the State of Connecticut be a direct competitor to the private sector, for it to be successful, it must do so to the detriment of private industry – which directly contradicts the need to protect these jobs and grow this key economic base.

Unfunded Liabilities

Connecticut is in the unfortunate position of having the highest per capita debt in the country. Our total unfunded liabilities are $70 billion, and nearly $43 billion of these unfunded liabilities are attributed to state employee health care and pension costs.

Over the years, Connecticut has demonstrated a very poor track record in paying for its existing health care cost obligations. In fact, as Connecticut underfunds such state health programs as Medicaid, health care providers have been forced to shift a sizable portion of these costs onto those with private insurance – making private insurance more expensive in the process.

The prospect of adding the cost of HB-6308 to this amount is very concerning.

Self-Insured

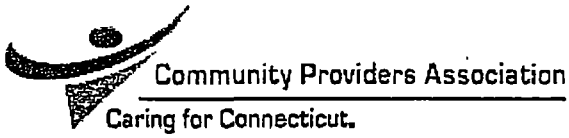
HB-6308 would utilize the existing and expensive state employee health insurance plan as the platform for its new state-run health care program. The state employee health plan was converted from a fully-insured system to a self-insured system a few years ago.

It is true that under a self-insured system like this, the State would no longer be required to pay health insurance premiums to carriers. However, the trade-off is that the State would have to pay the medical claims for everyone in the new plan.

This is a very risky idea, since no one knows just who will opt into this new plan – and if the individuals entering the plan have high risks and high claims, then the cost to the State could be very expensive.

Having this new plan be self-insured is also risky because federal health reform (which requires every state to set-up new health insurance marketplaces, known as "exchanges") says that only fully-licensed insurance products may be sold inside the exchange. A self-insured plan is not a fully-licensed product and would run afoul of federal reform.

Again, please reject HB-6308 and 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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Joint Public Hearing
Insurance, Public Health and Human Services Committees
February 14, 2011

H.B. 6308 An Act Establishing the CT Healthcare Partnership

I am Terry Edelstein, President/CEO of the Connecticut Community Providers Association (CCPA). I am pleased to provide testimony today in support of H.B. 6308 An Act Establishing the CT Healthcare Partnership.

The Connecticut Community Providers Association (CCPA) represents organizations that provide services and supports for people with disabilities and significant challenges including children and adults with substance use disorders, mental illness, developmental, and physical disabilities. Community providers deliver quality health and human services to 500,000 of Connecticut's residents each year. We are the safety net.

The CT Healthcare Partnership would extend healthcare coverage to nonprofit employers and our employees. We have supported similar legislation in previous sessions and continue to be in favor of this strategy for expanding the pool of covered lives to include nonprofit employers and our employees. This revamped legislation includes opportunity to insure retirees under the Program. It provides flexibility to nonprofit employers who, for a variety of reasons, may not be seeking to insure all employees.

The timing for such legislation couldn't be more critical. Once again all employers, including nonprofit employers have been faced with spikes in healthcare premiums. The annual increases of over 10% a year have taken their toll. As employers, we have had to increase the contributions of our employees for them to continue in our healthcare coverage. We have restructured our plans to increase co-pays and deductibles. Many of us have converted our plans to Health Savings Accounts, most with very high deductibles. While these plans encourage

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employee saving and management of their healthcare expenses, they also provide a disincentive to care. And it doesn't take much to wipe out an employees' HSA reserve.

And as community providers we have faced over twenty years with minimal increases in funding for services provided for people with disabilities on behalf of the state. The comparative chart that we've used to depict the funding shortfalls is all the more telling when you review it in the context of the cost of healthcare. http://www.ccpa-inc.org/documents/CCPACPIandMedical1987-10pdf.pdf While community providers have received increases of 33.16% since 1987, the Medical CPI has increased by 200.1%. This over 200% increase starkly demonstrates our ever increasing costs to provide health insurance to our employees.

The CT Healthcare Partnership legislation will provide an important opportunity for nonprofit employers to provide healthcare coverage as part of a larger pool of workers, ideally realizing the cost-effectiveness and cost savings that this larger pool can bring.

We look forward to participating on the Private Sector Health Care Advisory Committee described in Sec. 6 so that we can give direct input into the process.

Advocates for people with intellectual disabilities
and related developmental disabilities

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Website: www.arcofct.org

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Executive Director
Lynn C Warner

February 14, 2011

Testimony before the Committees on Public Health, Human Services and Insurance and Real Estate:
H. B. #6308, "An Act Establishing the Connecticut Healthcare Partnership

By
Lynn C. Warner, Executive Director/The Arc of Connecticut

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

I am Lynn Warner, Executive Director of The Arc of Connecticut, a 59 year-old statewide advocacy organization for individuals with intellectual disabilities and their families. We have 23 local chapters that provide supports, services, and advocacy for individuals of all ages intellectual and developmental disabilities throughout Connecticut.

I am here today to testify in strong support of **H. B. #6308, "An Act Establishing the Connecticut Healthcare Partnership** as it will give private providers the opportunity to join the state employee health plan and to be able to offer a level of insurance coverage that is significantly better than what they can currently offer.

Many of our local chapters incur health insurance rate increases in double digit margins from year to year – 15, 17, 21% increases are not unheard of or particularly unusual any longer. In order to keep rate increases minimal, providers are forced to shop for the "best" rate which may or may not offer adequate coverage. This type of disruption can be overwhelming if preferred physicians or specialist are not in the new plans.

Additionally, as you all are very well aware, most of the nonprofit workforce is typically not paid a high wage for the invaluable work that they do. With

The Arc/Connecticut, Inc. Member Chapters: Futures, Inc., Middletown / Greater Enfield Arc / Family Options, Watertown / The Arc of Farmington Valley / Friends of New Milford, Inc / The Arc of Litchfield County / LOV-Arc, Westbrook / MARC, Inc., Manchester / MARC Community Resources, Portland / The Arc of Meriden-Wallingford / The Arc of Greater New Haven / The Arc of New London County / Options, Unlimited / The Arc of Plainville / The Arc of Quinebaug Valley / SARAH Inc., Guilford / SARAH Seneca Residential Services / SARAH Tuxis Residential Services / STAR, Norwalk / The Arc of Southington / Tri County Arc, Columbia / Waterbury Arc / WeCAHR, Danbury

Affiliated with The Arc of the United States

many current insurance plans, there are also numerous co-pays and deductibles for which the employee must pay out-of-pocket on top of what is deducted from individual salaries. However, there are also providers whose employees cannot even afford their employer health insurance plans and they have their families enrolled in HUSKEY or their families uninsured all together. These options only force the state to pay for their healthcare at higher rates for routine care from emergency room visits. The state pays either way.

The state health insurance plan appears to significantly be able to lower those out of pocket expenses while keeping the rate increases at a level that is better able to be absorbed by the nonprofit employers.

Being able to offer state insurance plans would also help providers retain existing employees and recruit new talented people to come into the field, since employees assign such a high value to good and affordable health care. A happy, healthy and motivated workforce translates into better quality in supports and services. And when there are better services with a sustainable workforce, the people with disabilities that we support and serve win a better quality of life as well.

Thank you for the opportunity to testify before you today. On behalf of our nonprofit providers, I urge you to vote favorably on H.B. 6308.

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TOWN OF SPRAGUE

ONE MAIN STREET, P.O. BOX 677
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CATHERINE OSTEN
First Selectman

Phone (860) 822-3000
Fax (860) 822-3013
www.ctsprague.org

February 14, 2011

Good morning. I'm Catherine Osten, First Selectman for the Town of Sprague. Thank you for the opportunity to testify in support of **HB 6308, *AA Establishing the Connecticut Healthcare Partnership***, which would allow towns and cities to buy employee health insurance through the state employee plan. Sprague is one of many small, rural towns that are considered distressed municipalities, and with a population of 3,000, it is extremely difficult to provide quality services at a reasonable cost to taxpayers. This challenge is compounded by the ever-rising costs of employee health insurance—double digits in recent years.

In the last year the employees of our Town made the choice to participate in cost savings to the Town by opting to change from traditional insurance to a high deductible health savings account form of insurance. Most of those employees never used the insurance piece of this option instead their expenses came out of their own pocket and stayed within the deductible dollars. For this change Anthem has decided to increase our costs by more then 19%. I, as First Selectman, take great offense to an increase of this size when Anthem profits are in the millions here in Connecticut.

It is unreasonable to accept that the fundamental change to a Health Savings Account to save taxpayer dollars would be applicable to only one fiscal year.

The cost of insurance for our employees is rising far more quickly than the cost of living. It is the single most volatile piece of our budget, making it very difficult to maintain a flat increase budget which maintains services and yet must include these unpredictable costs. Even with a bare bones budget, the only way that a town of our size and tax base can address these costs is by either eliminating insurance coverage or jobs and services. Having access to the state employee plan would enable our small group of employees to take advantage of the administrative efficiencies and purchasing power of the much larger state employee plan. At least 24 states already permit their local government employees to participate in their state plans because it gives state and municipal governments a way to save money without cutting benefits or services.

We are and have been able to keep our budget in line (with no tax increase in three years) by using small and large measures such as purchasing supplies on discount or on sale and looking at each line item for

its value and efficiency, each year we have decreased line items revolving around energy usage. Examples of these measures are as follows:

a.) At the school teachers are give a stipend for school supplies, the most is made of trips to stores to take advantage of sales at places such as Staples, Office Depot and Wal-Mart.

b.) We have minimized expenses each year by energy conservation in all areas, removing street lights, caulking windows, putting in energy efficient doors and windows and this year putting solar panels on the town hall roof.

c.) We also purchased sand from the state which saved us thousands and just may be our saving grace during this year's hard and expensive winter season.

d.) We continue to regionalize where ever possible (animal control, revaluations, health districts, resident state trooper usage, etc.)

Yet we continue to provide a high quality education with achievements in test scorings many thought impossible. We also have not had an out of school suspension in years, we do not charge or have a pay to play system for after school activities, we have encouraged our paraprofessionals to be better educated (a benefit to us and them). We also continue to have summer recreation, a library (growing each year), a well run public works department and a Town that promotes being a community as its most valuable resource.

All of our creative solutions, successful efforts to tighten our belts, scrimp and save, and do more with less in these very challenging times are threatened by one volatile item in our budget: healthcare.

The owners of local "mom and pop" businesses experience similar challenges when they try to purchase insurance coverage for themselves and their employees. The Partnership proposal will help towns like mine stabilize rising insurance costs and preserve jobs in a community that is already struggling with high unemployment and lack of adequate insurance.

Respectfully Submitted,

Catherine Osten
First Selectman

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PEDRO E. SEGARRA
MAYOR

Testimony by Hartford Mayor Pedro E. Segarra
House Bill 6308
An Act Establishing the Connecticut Healthcare Partnership
February 14, 2011, 11:00AM in Hearing Room 2C

Chairmen Crisco, Megna, Musto, Tercyak, Stillman and Ritter; Ranking Members; Distinguished Vice-Chairs and Members of the Insurance & Real Estate, Human Services and Public Health Committees:

It is a pleasure to appear before you today, and it is an even greater honor to be testifying in support of House Bill 6308, *AAE the Connecticut Healthcare Partnership*.

This bill, which mirrors an initiative that House Speaker Christopher Donovan has proposed and supported for several sessions, would grant cities and towns a much-needed opportunity to reduce one of the biggest cost drivers in municipal budgets: health care. In Hartford alone the overall cost is approaching 20% of our annual budget, and we are all well aware that this issue is one that every municipality is presently facing.

The City of Hartford has often sought ways to improve its internal operations and its business relationship with the State of Connecticut and this legislation represents a perfect opportunity to accomplish both goals, of which there is no greater example than the partnership that we have developed with the Office of the State Comptroller to establish an "on-site" medical facility at Hartford City Hall for use by both State and City employees and their families.

This legislation would enable Hartford, and other municipalities, to purchase employee health insurance through the large state employee pool. Under this proposal, Hartford would be able to take advantage of the bargaining power and low administrative costs of the 200,000-member state plan.

The City is already looking at joining the state's prescription pool under PA 10-131. It is estimated that the prescription plan could save Hartford $1.8 million dollars each year. Adding Hartford's purchasing power to the state's prescription pool would save the state an additional $6 million per year. This program is a win for both municipalities and the state.

While I and other municipal leaders are mindful – and respectful – of the fact that HB 6308 would require modifications to collective bargaining agreements, the City remains hopeful that it will be able to take advantage of this fiscal saving opportunity, while guaranteeing that the level of service for our valued municipal employees expect would not be diminished.

I look forward to continuing to work with the legislative leaders, your committees and other stakeholders as we continue to seek out effective cost-saving measures and improve the delivery of health care in Hartford and throughout the State of Connecticut.

Thank you for the opportunity to offer testimony in support of H.B. 6308. I urge your favorable consideration of this bill.

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Hanover Elementary School

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South Meriden, CT 06451
(203) 235-6359

Miguel A. Cardona, Principal

February 11, 2011

Dear Senator Joseph Crisco and Representative Robert Megna, Co-Chairmen of the Insurance and Real Estate Committee,

I am writing is support of both HB 6308, an act establishing the Connecticut Health Care Partnership, and HB 6305, the Sustinet health insurance plan. Both the Partnership and SustiNet bills would give municipalities additional options for purchasing quality, affordable health insurance coverage at lower costs. Every municipality in the state is facing rising costs and limited revenue.

From my perspective as an educator, I see first hand the effects of being uninsured or underinsured. Students without access to healthcare often come ill-prepared to learn and miss many school days due to lack of preventative and routine medical care. In many cases, these students eventually fall behind academically and require expensive remediation in later years. Your support of the HB 6308 and HB 6305 would also support our State's need to address achievement gaps for our students.

Currently, the ones most affected by the health care system are the hard working middle citizens; like you and me. In many ways, the two bills offer solutions to help our non-profit organizations and small businesses which serve as backbones to our communities. The Partnership bill would help non-profits and small employers (including small businesses of 1) to afford to offer quality health care to attract and retain skilled employees. SustiNet would go even further, providing a new insurance choice to individuals and large businesses and aggressively working to improve outcomes and lower costs.

Please work to provide this fundamental right for all Connecticut residents by supporting HB 6308 and HB 6305. Thank you.

Sincerely,

Miguel A. Cardona

Miguel A. Cardona
Principal

Making a difference, one child at a time...

Legislative Testimony
Joint Insurance Committee Public Health Committee, & Human Services Committee
HB 6308 AA Establishing The CT Healthcare Partnership
HB 6305 AAC Implementation Of The SustiNet Plan
Monday, February 14, 2011
(David L. Fried, 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 David Fried and I have been practicing dentistry for over 20 years in the town of Wallingford. I thank you for the opportunity to present this written testimony to you in support of HB's 6308 and 6305.

HB 6308: offers coverage under the state employee plan to ..."small employers" which I believe would include dental offices. This hopefully will lower the cost burden of insurance plans, allowing Dental offices and other small businesses to offer health insurance to all employees.

HB6305 AAC Implementation Of The SustiNet Plan: Lines 825-834 discusses 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 ..." Lines 1365-1375 states in part that SustiNet Plans shall include...dental care coverage that shall be comparable in scope to the median coverage provided by large employers in the Northeast states..." Any program that supports preventative dental care should be applauded. Dental disease, which has been linked to other health issues including heart disease, diabetes, and low birth-weight children, is a very controllable disease.

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,

David L. Fried, D.M.D
329 Main St.
Yalesville, CT 06492

February 14, 2011

Testimony to the Insurance and Real Estate, Human Services and Public Health Committees

In support of:

HB 6308, *AA Establishing the Connecticut Healthcare Partnership;*

HB 6305, *AAC Implementation of the SustiNet Plan;* and

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

I am writing in enthusiastic support of two bills critical for helping Meriden families and for fixing Connecticut's broken health care system: **the CT Healthcare Partnership Bill (HB 6308) and SustiNet (HB 6305).**

In particular, the Partnership bill would help non-profits and small employers to afford to offer quality health care to attract and retain skilled employees. SustiNet would go even further, providing a new insurance choice to individuals and large businesses and aggressively working to improve outcomes and lower costs.

As someone who works closely with families every day, we see first-hand how our health care system is failing so many – especially in these tough times. Your support of these two bills will make our state a leader in the country on health care reform. And more importantly, these bills will help every-day people access the quality, affordable insurance they deserve.

Sincerely,

David Radcliffe

David Radcliffe
Director

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203/630-3566 203/630-2423 (fax)
www.meridenchildrenfirst.org

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 -

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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.

##

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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203-259-5026
jdavisdmd@yahoo.com

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
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

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.

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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.

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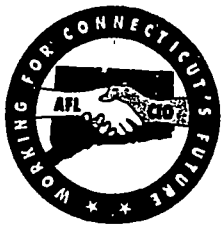
If you have any questions, please contact Bob Labanara via email rlabanara@ccm-ct.org
Or Michael Muszynski via email mmuszynski@ccm-ct.org



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

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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.

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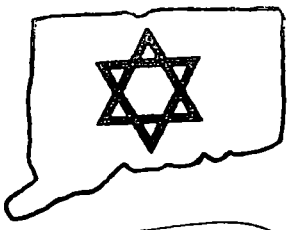

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Robert J. Fishman
~~Executive Director~~

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Eastern Connecticut
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Greenwich
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Greater Stamford-
New Canaan- Darien
Western Connecticut
Westport-Weston-
Wilton-Norwalk

Testimony before the Insurance & Real Estate, Human Services and Public Health Committees
2.14.11

In support of
HB 6308, AA Establishing the Connecticut Healthcare Partnership
HB 6305, AAC Implementation of the SustiNet Plan

Senators Crisco, Musto and Stillman, and Representatives Megna, Tercyak and Ritter and members of the committees, My name is Robert Fishman and I am the Executive Director f JFACT, the Jewish Federation Association of Connecticut. As the Public Affairs arm of the 9 Jewish Federations we represent in addition to those federations: 3 Jewish sponsored Nursing Homes, 8 Jewish Family Service Agencies and 4 Jewish Community centers. In our network of social service we have over 750 employees and about half that are non-union. Most of all employees are members of all faith groups and our agencies are United Way members. We respectfully urge the committees voting on SustiNet to bring on board the nonprofit sector at the same speed the municipalities are invited in. We have seen 18-20% increases in Health Insurance costs in just this past year and a 30% increase over 2 years. For nonprofits this is not sustainable. We also would like the committees to examine how to include networks of nonprofits such as associations to join the proposed new state program as opposed to the current model of only allowing each agency to fend for itself with its own EIN number. It makes sense to pool nonprofits together as municipalities and the state is already pooled. As a member of the Conn. Association of Nonprofits Public Policy Council I would like to propose you consider pilot programs for a few nonprofit groups to enter the program at the same time as municipalities and not wait another year or more to allow us to participate. My own organization is most open to this idea of being one of those pilots. Let's use our Connecticut ingenuity to make health care more affordable and available to our Connecticut citizens.

I am grateful to the 3 committees and Speaker Donovan and Majority Leader Sharkey and the leaders of the state senate for proposing an inclusive health care initiative for our state.

I would be pleased to respond to any questions

Robert J. Fishman
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The Jewish Federation Association of Connecticut (JFACT) is a statewide Association serving as a legislative representative for the nine Connecticut Jewish Federations and their associated agencies, an advocate for the Jewish Community, a public affairs spokesperson and coordinator on statewide programs on issues of mutual interest and concern in the state of Connecticut and Israel.

Testimony by Paul Lavallee, President
AFSCME Local 2663
Insurance and Real Estate Committees
Re: HB 6308 and 6305
Feb. 14th 2011

Good afternoon. My name is Paul Lavallee. I am the President of AFSCME Local 2663. My Local is comprised of more than 2500 members employed in various state agencies whose daily mission is to provide social and human services for those residents of Connecticut who need them.

I come before you today to encourage you to support House Bill 6308, An Act Establishing the CT Healthcare Partnership. House Bill 6308 provides a benefit for both public and private employees. This Bill will allow municipalities, non-profits and small businesses to purchase affordable health care at the same rate as the state.

One of the more fundamental services provided by the State is its medical assistance program that is afforded to those Connecticut citizens who are found to be financially challenged. Good health is important to everyone. No citizen of Connecticut or this country should be denied necessary healthcare.

As a state employee, I am grateful to have an affordable healthcare program. It is regrettable that every Connecticut citizen is not as fortunate. You have the power to make healthcare affordable and accessible for more Connecticut residents.

Past administrations have been divisive in its dealings with the citizens of Connecticut. Rather than create programs and policies that serve the common good, the methodology has been to pit public and private sector employees against one another while the select few have prospered.

Connecticut is facing tough economic times. Policies must be put in place that will benefit the middle class. Our citizens need programs that are beneficial and cost effective and will help get the economy moving.

Our state government has an obligation to seek out programs that are a benefit to all of its citizens. The Connecticut Healthcare Partnership is that program. Please support it.

Our union urges your support of HB 6308 and 6305. We have come too far to turn back the hands of progress and fairness. Thank you very much.

Testimony by Clarke King, President
AFSCME Local 1716
Insurance and Real Estate Committees
Re: HB 6308 and 6305
Feb. 14th 2011

Good afternoon. My name if Clarke King. I am the president of Local 1716, City of Hartford employees and also Secretary of Council 4 AFSCME. I am testifying in support of House Bill 6308. This bill will create one large pool of people to get the best price for health insurance. It will allow for more municipal employees to go into the same pool as the current state employee pool. The current pool has over 250,000 lives in it.

Two years ago the renewal rate increase for this pool was a zero. That's right – a zero! That is almost unheard of when rates for plans are going up at 15, 20, 30% or higher. This is because economics teaches us that when you buy something it is "cheaper by the dozen." I'm amazed that smart elected leaders have not noticed this and acted on it yet. I have faith that Governor Malloy – our new governor – will act on this.

Last year, the prescription drug pooling bill became law. Our unions pushed hard for this and we pushed the city of Hartford to participate. It's estimated that prescription drug pooling will save Hartford taxpayers two million dollars!

I can tell you about not only the plight of public employees, but the plight of all kinds of employees in the City of Hartford – who happen to be my neighbors. While public employees are being skapegoated as overpaid, I can tell you that this is not true, certainly not in Hartford. They are being laid off in the middle of a second Great Depression. That is very true. Other employees have seen almost nothing in the way of pay increases in the last eight years. While the price of oil, rent and food have gone up, wages have not. Almost any increase in wages, including among municipal employees has gone to covering increased co-pays and increases in health care costs.

Please care about the shrinking middle class. Please care about the poor families who work so hard in this city, and instead of getting ahead are slipping behind. Passing this bill will save towns, the state, nonprofits and small business tens of millions of dollars per year. We cannot afford not to pass this pooling bill. It is long overdue. Thank you for your attention and your concern.

Our union urges your support of HB 6308 and 6305. We have come too far to turn back the hands of progress and fairness. Thank you very much.

State of Connecticut
OFFICE OF THE SPEAKER
LEGISLATIVE OFFICE BUILDING, ROOM 4100
HARTFORD, CONNECTICUT 06106-1591

Testimony of Speaker of the House Christopher G. Donovan
To the Insurance and Real Estate, Human Services and Public Health Committees
In support of:
HB 6308, *AA Establishing the Connecticut Healthcare Partnership;*
HB 6323, *AA Making Conforming Changes to the Insurance Statutes Pursuant to the Federal Patient Protection and Affordable Care Act;*
HB 6305, *AAC Implementation of the SustiNet Plan;* and
HB 6322, *AAC State Prescription Drug Purchasing*
February 14, 2011

Good morning Representative Megna, Senator Crisco, Representative Tercyak, Senator Musto, Representative Ritter, Senator Stillman, and members of the Insurance and Real Estate, Human Services and Public Health Committees. Thank you all for coming together today for this joint hearing on several significant healthcare proposals.

HB 6308, *AA Establishing the Connecticut Healthcare Partnership*
I appreciate the opportunity to express my strong support for House Bill 6308, *An Act Establishing the Connecticut Healthcare Partnership*. Many of you are familiar with this commonsense measure designed to streamline existing state and municipal government purchasing of healthcare and provide small businesses and nonprofits with more affordable options.

HB 6308 would permit municipalities, non-profits and small businesses to purchase employee health insurance through the state employee plan. This proposal would provide relief from the unpredictable rate hikes these employers experience from year to year by giving them access to the stability of the large state pool. In the world of municipal and small group health insurance, it is not uncommon to see annual increases topping 20%--making it nearly impossible to budget for healthcare costs. Meanwhile, the state employee plan has seen single-digit increases for the last several years. By aggressively managing costs, the state's Healthcare Cost Containment Committee (a group made up of representatives of management and labor), has succeeded in bending the cost curve through measures that better manage care under a self-insured plan, saving the state tens of millions of dollars.

Last year, PA 10-131, which permitted municipalities to purchase prescription coverage through the state plan, passed the House unanimously and received bipartisan support in the Senate. Several municipalities are looking to this proposal to help them balance their budgets. For example, the City of Hartford expects to save $1.8 million in annual employee prescription costs by coming into the pool. The addition of Hartford employees to the state's plan would also result in a savings of $6 million per year on the part of the state. As the pool grows, so will the savings.

Like both proposals described above, SustiNet builds on the strength of healthcare pooling to increase purchasing power, lower costs and expand access to people of all health histories. It will maximize the potential of federal reform, spend state healthcare dollars more efficiently, improve quality, and offer employees and families a new health insurance choice that reforms healthcare delivery and slows cost growth throughout the entire insurance market. According to Dr. Jonathan Gruber, of the MIT Department of Economics, these measures will save Connecticut taxpayers between $226 million and $277 million annually, beginning in 2014. If SustiNet's system and payment reforms succeed in slowing cost growth even 1% per year, the state budget will improve by $355 million in 2014, with gains reaching more than $500 million a year starting in 2019. This proposal will help Connecticut families and our state budget.

HB 6322, *AAC State Prescription Drug Purchasing*

This bill is another great example of using the size of the state employee pool to leverage greater discounts for other healthcare purchasers. HB 6322 would enable the Comptroller's Office to amend its existing prescription drug purchasing contract to include the Medicaid, Husky, ConnPACE and Charter Oak programs. The Comptroller's office estimates that by implementing this innovative streamlining measure, the state will save $66.5 million annually—without harming prescription coverage for some of the state's most vulnerable residents.

I urge the committees to support these important proposals.

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
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.

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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

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

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Testimony of Jennifer C. Jaff, Esq.
Executive Director
Advocacy for Patients with Chronic Illness
In Support of Raised Bill Nos. 6308 and 6305

February 14, 2011

Thank you for this opportunity to address the Committees regarding Raised Bill Nos. 6308 and 6305. Because we see these two Bills as inextricably intertwined, we ask your indulgence in allowing us to address both of them simultaneously.

Advocacy for Patients with Chronic Illness provides free information, advice and advocacy services to patients with chronic illnesses. It is rare that a day goes by when we don't get asked to help someone manage the costs of caring for a chronic illness. Even with insurance, copays and items not covered by insurance are crippling. But more universally, the high cost of insurance itself is the greatest burden. Our group insurance, which we obtain through MEHIP, costs $1148 per month per person. That's $14,000 per employee per year. This is unsustainable and has hampered our ability to grow our nonprofit business. Thus, we testify here not only on behalf of consumers, but as a consumer who would be greatly benefited by the passage of either of these Bills.

We are at a very exciting juncture in Connecticut's health care history. Congress passed landmark health insurance reform on March 23, 2010. The Patient Protection and Affordable Care Act (PPACA) takes very important steps towards ensuring expanded coverage by eliminating pre-existing condition exclusions and providing tax credits for consumers who cannot afford insurance on their own, as well as a host of consumer protections and benefits. PPACA takes some important steps towards reducing the rate of growth of the cost of health care, as well. However, it does not do enough in the area of cost and, in particular, the cost of insurance itself.

Connecticut can finish the job. And by implementing the Connecticut Healthcare Partnership – especially by implementing the Partnership's pooling mechanism[1] through the SustiNet Plan – we will. By doing so, we will become a national leader in health care cost containment while preserving quality and access. Governor Malloy already has taken a huge step forward in announcing that the HUSKY plans and Charter Oak will be converted from managed care to a self-insured model. By implementing the Partnership through SustiNet, you can take us the rest of the way. You can make history. In Vice President Biden's words, "this is a big f&%#@ deal."

Both the Partnership and SustiNet would build upon the state employee plan to offer a new alternative to non-state public employers, nonprofit employers, and small businesses.

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[1] The Partnership would create one large pool with the state employees, non-state public employers, nonprofit employers and small businesses, whereas SustiNet would create three pools: the state employees, HUSKY and Charter Oak, and a third for non-state public employees, nonprofits, and small businesses.

They do so without in any way diluting the coverage for which the state employees have bargained. You have been presented with detailed economic analyses that show that this would save the state a tremendous amount of money. It also would reduce insurance premiums by spreading risk over larger pools of people. Study after study has shown that pooling is absolutely central to reducing premiums. In one fell swoop, with these Bills, you will guarantee that employers who currently cannot afford insurance will be able to do so. And since you have endorsed pooling in the past, with implementation hampered only by a veto pen that will not be used again with respect to this legislation, we trust that we needn't say much more about the need to take the step of building upon the state employee plan to create new alternatives to non-state public employers, nonprofit employers, and small businesses.

But there is more to say, because you also have an opportunity to take that step through a remarkable plan that many experts have spent years designing: SustiNet. Since I cannot sing the praises of all of SustiNet in what's left of my three minutes, I would like to focus on the section that means the most to the chronically ill, section 11 of Raised Bill 6305.

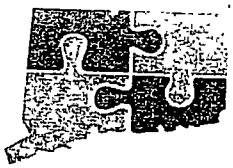
Chronic illness accounts for 75% of every health care dollar spent in the United States. Without addressing the cost of chronic illness, we cannot control health care costs. In addition, we know – the studies are clear – that patients who participate in their own care are more compliant with doctor's orders and, thus, they achieve better health outcomes. Thus, it is axiomatic that designing ways to encourage patients to participate in their own care will help to control health care costs.

The architects of SustiNet knew this, and from the very start, they have built patient-centeredness into the plan. In the many hours I have spent over the past year on the SustiNet Medical Homes Advisory Committee studying the benefits of patient-centeredness, I have come to believe that encouraging providers to transition to patient centered medical homes is the right way to achieve patient-centeredness. Patients with chronic illnesses are taught self-regulation, learning to monitor and manage their own care. A provider is available 24/7, at least by telephone, to address emergent questions, reducing the use of emergency rooms. Care is provided in culturally and linguistically appropriate ways. And most significantly, the patient is not required to coordinate his or her own care among providers. The primary care physician is the patient's partner, ensuring that providers share information about the patient as appropriate; that transitions from hospital to home are managed well to avoid hospital readmissions; that the patient receives all preventive care services; that mental health care is provided when needed; and that patients' needs are met not only in the doctor's office, but also at work, at school, and in the community.

This is not just touchy-feely nonsense. Nor is it even solely about the quality of care – although it most certainly is about that. Patient-centered chronic care plans like medical homes save money because they improve health outcomes.

Thus, while we certainly support the creation of the Connecticut Health Partnership, we urge you to fulfill the goals of pooling through SustiNet implementation. In so doing, you will promote the health of all of Connecticut's citizens, expand access to health insurance by making it more affordable, and take a significant step in controlling the growth of health care expenditures.

It simply is the right thing to do.



CONNECTICUT ASSOCIATION of NONPROFITS

...to serve, strengthen and support Connecticut's nonprofit community.

P 21
L 18

Testimony before the Insurance & Real Estate, Human Services and Public Health Committees
2.14.11

In support of
HB 6308, AA Establishing the Connecticut Healthcare Partnership
HB 6305, AAC Implementation of the SustiNet Plan

Senators Crisco, Musto and Stillman, and Representatives Megna, Tercyak and Ritter and members of the committees, my name is Ron Cretaro and I am the Executive Director of Connecticut Association of Nonprofits (CT Nonprofits). We represent over 500 nonprofits, 300 of which hold purchase of service contracts with the state to provide health and human services on its behalf. I am here in support of both the CT Healthcare Partnership and implementation of the SustiNet Plan.

HB 6308

CT Nonprofits applauds each Committee, Speaker Donovan and others for once again taking steps to ensure more comprehensive healthcare coverage in Connecticut. We support the Connecticut Healthcare Partnership, which will open the state employee health insurance pool to nonprofits and small businesses.

Nonprofit employers, like many other employers, continue to face years of skyrocketing healthcare prices. Annual percentage rate increases in the double digits leave nonprofit directors struggling to keep costs down for their employees. No funding increases for nonprofits mean that not only can they not give wage increases to their employees, but when healthcare costs rise, they are forced to pass that increase onto employees in the form of higher cost-sharing and co-pays. Nonprofit employees, who make significantly less than their public sector counterparts, simply cannot afford these constant increases. It is a matter of sustainability for nonprofits as well as our ability to stay competitive as operating costs increase and income and revenue become more difficult to obtain.

Opening the state employee health insurance plan will allow smaller nonprofits to take advantage of a much larger pool with significantly increased purchasing power. The lower premiums and co-pays associated with this healthcare plan are a welcome option for our state's nonprofit providers. As we indicated in previous years, the cost of joining the state employee health insurance plan may not be affordable for all nonprofits, but it will certainly be a viable option for some. Again, we thank the Speaker and welcome this additional choice for nonprofit organizations and their employees.

HB 6305

We also support HB 6305 and the implementation of the SustiNet Plan. The SustiNet Board of Directors released a comprehensive final report in January outlining a plan that promotes access to high-quality health care that is effective, efficient, safe, timely, patient-centered and equitable.

The SustiNet Board's final report recommends ways the state can control health care costs, save money and spend taxpayer's health care dollars more wisely. Improving our healthcare system to ensure that it covers everyone and costs are reduced is an economic imperative for our state. As previously mentioned, nonprofit employers, like many other employers, have been facing years of rising healthcare costs that are growing more and more difficult to sustain. The high cost of healthcare puts all businesses, including nonprofits at a severe disadvantage and leads to lower wages and fewer jobs. HB 6305 calls for the SustiNet Plan to be offered to nonprofits at the earliest feasible date on or after January 1, 2012, which is a welcomed option for our state's nonprofits.

Cont'd

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Both the Connecticut Healthcare Partnership and SustiNet are important steps towards comprehensive healthcare coverage for all Connecticut residents. CT Nonprofits believes that quality, adequate healthcare coverage is a right for all citizens, not just those who can afford it. I urge the Legislature's support of both measures.

Thank you for your attention to this matter. Please do not hesitate to contact me with any questions.

Ron Cretaro
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p7
L14

Kevin Lembo
State Comptroller

STATE OF CONNECTICUT
OFFICE OF THE STATE COMPTROLLER
55 ELM STREET
HARTFORD, CONNECTICUT
06106-1775

Martha Carlson
Deputy Comptroller

Testimony of
Kevin Lembo
Comptroller

Concerning
HB 6322 AAC State Prescription Drug Purchasing
HB 6305 AAC Implementation of the Sustinet Plan
HB 6308 AA Establishing the Connecticut Healthcare Partnership

February 14, 2011

Senator Stillman, Representative Ritter, Senator Musto, Representative Tercyak, Senator Crisco, Representative Megna and Members of the Committees:

I am Kevin Lembo, State Comptroller and I want to thank you for the opportunity to testify on three important pieces of legislation that would improve the lives of Connecticut residents. I also thank you for the time and energy you have committed to these health care issues and for advancing these bills through such an efficient process.

HB 6322 AAC State Prescription Drug Purchasing

As the state's fiscal guardian, I am deeply committed to eliminating wasteful spending, strengthening budget transparency and delivering government services more efficiently.

Our physical health and financial health are not independent. In fact, our financial strength thrives when our health care system operates cost-efficiently and ensures that citizens have access to care that avoids more expensive treatments down the road.

This bill will yield at least $66.5 million in savings year over year. Through an initiative with the Department of Social Services, it will authorize the OSC to procure prescription drugs for the Connecticut Medical Assistance Programs (Medicaid, HUSKY, ConnPACE) as well as Charter Oak. This unified purchasing will embolden the state's purchasing power building on our joint purchasing efforts with retired teachers and municipalities, which have already yielded substantial savings for all.

This bill will aggregate the purchase of prescription drugs but will have no impact on program provisions. Patients and consumers will see no change in the means by which they access and fill their prescriptions. Further, DSS will remain responsible for eligibility determinations, terms of participation, use of the preferred drug list, and supplemental rebates.

SustiNet, as proposed, will give Connecticut the opportunity to provide health care to the uninsured, and to achieve better health outcomes. The SustiNet Board of Directors' recommendations are designed to make the plan a high-quality option of coverage that is attractive in the marketplace. The plan provides a health care exchange that offers a menu of care choices at a variety of cost levels. Further, SustiNet places an emphasis on preventative care, the use of patient-centered medical homes for better health care coordination, and evidence-based care practice.

Sustinet also represents an opportunity to achieve cost savings and to maximize federal support for health care costs.

In the first phase of Sustinet, harnessing the state's $8 billion a year health care spending will yield significant savings. It would authorize the Office of State Comptroller and the Department of Social Services, to unify state employees and retirees along with Medicaid and HUSKY beneficiaries under one health care purchasing authority. Enlarging the network of recipients will not only realize savings, but also provide the leverage needed to improve health care delivery.

In subsequent stages of implementation, municipalities will also have the opportunity to participate in joint purchasing, further propelling cost savings.

Additionally, Sustinet will position the State to harness newly available federal dollars. By expanding Medicaid eligibility levels, the state will be able to secure enhanced federal medical assistance payments (FMAP) through the Affordable Care Act (ACA)–estimated savings of $226 million to $277 million per year. This will significantly reduce the number of Connecticut residents who are uninsured

Implementation will require a conscientious, measured approach, but will provide Connecticut with affordable health care access to those who would not otherwise have it, and reduce costs to the State and key partners including municipalities and businesses.

This legislation is the product of two years of intensive work by all stakeholders—health experts, businesses and everyday citizens. I would like to thank former State Comptroller Nancy Wyman, Acting Healthcare Advocate Vicki Veltri, the SustiNet Health Partnership Board of Directors, the Universal Health Care Foundation, the Connecticut Health Foundation, Jesse B. Cox Charitable Lead Trust, and the State Coverage Initiatives Program of Academy Health at the Robert Wood Johnson Foundation for their work and support of this important legislation.

HB 6308 AA Establishing the Connecticut Healthcare Partnership

Finally, I would like to acknowledge the efforts of Speaker Chris Donovan, and other leaders, in again bringing forward this bill, which would parallel many of the aspects of the Sustinet legislation in permitting other entities, including municipalities, nonprofit organizations and small employers, to buy into the state's health care coverage. There are a number of technical issues that must be worked out – apportioning risk in the self-insured plan; benefit design and affordability; adverse selection – to help ensure success. But, at a time when small groups are having incredible difficulty in bearing the dramatic increases in health care premiums, there is strong evidence that expanding the pool of beneficiaries has the potential to achieve cost savings to all involved parties.

I appreciate your consideration of my testimony and would be happy to answer any questions.

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CONNECTICUT
GENERAL ASSEMBLY
SENATE

PROCEEDINGS
2011

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Thank you, Madam President.

Madam President --

THE CHAIR:

(Inaudible.)

SENATOR LOONEY:

-- would call as the next item of business, a Second Order of the Day, the item appearing on Calendar Page 26, Calendar 592, House Bill 6308.

THE CHAIR:

Mr. Clerk.

THE CLERK:

Matter marked "Second Order of the Day," Calendar page 26, Calendar Number 592, Files Number 483 and 868, substitute for House Bill 6308, AN ACT CONCERNING HEALTH CARE REFORM, as amended by House Amendment Schedules "A" and "D"; Favorable Report of the Committee on Insurance and Real Estate; Labor and Public Employees; Planning and Development; Appropriations; Finance, Revenue and Bonding; and, Government Administration and Elections.

The Clerk is in possession of amendments.

THE CHAIR:

Senator Crisco, good afternoon, sir.

SENATOR CRISCO:

Good afternoon, Madam President. Thank you.

I move acceptance of the Joint Committee's Favorable Report and passage of the bill, in concurrence with the House.

THE CHAIR:

The question is on approval of the bill.

Will you remark further, sir?

SENATOR CRISCO:

Yes, Madam President.

Obviously, this is a very substantive bill with at least ten components and the work of a lot of individuals and a lot of committees, that started with the leadership of the SustiNet group and the Universal Health Care group; that is, Juan Figueroa and Lynne Ide and Frances Padilla, who started us on this path that ended up into a trail. And it's just a pleasure to be able to start the process for us to address the issue of uninsured and those who are underinsured and also a Public Health component, which my colleague, Senator Gerratana, will also refer -- refer -- will make reference to.

Basically, Madam President, and members of the Circle, we have ten different components to this legislation. And we will try to review them, you

know, according to insurance cognizance and public health.

We start -- and let me just summarize for the Circle -- with the partnership concept; control -- the control of data reporting; statewide multi-pay initiative; the outpatient surgical facility data; the OHRI slash SustiNet component; standards and contract; third-party -- third-party administrators; the Public Affordable Health Care Act; external appeals; and, lastly, the sections of the statute that we repeal.

Madam President, referring just to the insurance components, 63 -- 6308, or as we call it, "the convoy," requires the Comptroller to offer employee retiree coverage under a partnership plan to nonstate public employees, beginning January 1, 2012, and nonprofit employers beginning January 1, 2013. It requires certain municipal employers that sponsor fully insured group health insurance policies or plans for their active employees and retirees to submit by October 1st, annually, certain information to the Comptroller.

In regards to other insurance components, it makes a very -- a variety of changes in laws relating to contracts between health care providers and health

insurance, building upon the standards and contract that this august body and the House and the Governor signed a couple of years ago in order to make more of our involvement and insurance changes seamless and in concurrence.

It also requires the Insurance Department to license and regulate third-party administrators, built on previous legislation adopted, and it changes various health care statutes to conform with the 2010, federal Patient Protection Affordable Health Care Act, including covering dependents until age 26, not denying coverage to children under age 19 because of preexisting conditions, and eliminates lifetime benefit maximums. And in summary, Madam President, it makes us in compliance with the Affordable Health Care Act.

And, finally, we revised the health insurance utilization review, grievance, and external appeal statutes to comply with the Affordable Health Care Act.

And at this time, Madam President, I would like to yield to Senator Gerratana.

THE CHAIR:

Senator Gerratana, will you accept the yield, ma'am?

SENATOR GERRATANA:

Thank you, Madam President. I will.

Madam President, before us is a health care package, if you will, that implements and puts into place many of the concepts, ideas, and bills that have been in our General Assembly to address health care and health care reform.

I'm speaking on Sections 11 through 14 of the bill, which came through the Public Health Committee, specifically. And I'm very happy to be here today to talk a little bit about them.

There are two exciting components to the sections that I will be discussing; one, of course, is the creation of a new entity, the Office of Health Care -- Health Reform and Innovation or "ORI," as it will be known. ORI will have many duties that are specified under the legislation, but, more importantly, it will coordinate what is going on in our state in terms of payers and providers and the entities, our agencies in our state, and coordinating that information so we can get a handle on health care costs.

You know, the emphasis today is on cost containment while still delivering health care to the people in our country and, indeed, in our state. We all know that the federal government has mandated that lives shall be covered here in our state, as well, of course as throughout the nation, and Connecticut is meeting that challenge by instituting ORI and also taking -- and I have to comment just a little bit about SustiNet.

You know, I was very aware, although I wasn't a member of the General Assembly at the time, of what was going on in our state and the discussions. SustiNet and the advocates and the people that have been involved with SustiNet here in the General Assembly and outside have taken their time. And, Madam President, if I may say, you have been part of that discussion, and I thank you for that.

The people who have been involved in SustiNet had talked to the people back in our state and around our state and asked, What kind of health care do we want to see in Connecticut? They've also been very active in bringing forth to our General Assembly and raising the awareness around the state of the many issues that

are happening, have happened on the federal level and are happening now in our state.

What we have here in the legislation does not enact an insurance product. It does not provide for health care coverage in our state but rather works towards the goal of looking at the different components that have come down from the federal level and looking at those and also some innovative ideas that are going around, happening right now in our country.

When we talk about, oh, a public option, for instance; well, we do already have a public option here in the state that is called the "Charter Oak Health Plan," that was instituted, I think, a year or two ago. And we look at these innovations in health care and say, Should we be implementing them here in our state? And perhaps we should. So we have the establishment of a SustiNet board -- cabinet, actually -- in the Lieutenant Governor, in the Executive Branch, and also ORI that will be doing it.

We also direct, under this legislation, that ORI will be establishing a work group, convening a group of people, including OPM and agency people, that will be looking at and studying the multi-payer data

initiative. Well, what is that? That is a look, of course; we've heard the term "single-payer," there's all multi-payer that includes insurance products and insurance companies and other payers and providers.

But most importantly, ORI will also be the entity that will address the transparency of what -- and the accountability of what is going on, with the focus on cost containment. This is very, very important in our health care reform, and I'm happy that it is in the bill before us.

There is also a part of the bill that came through the Public Health Committee, and that is the look at data and how data is handled by OCA, data -- I'm sorry -- OCA already looks at data, keeps that secure and confidential, and will continue to do so.

I just want to make sure that my colleagues understand that we are all subject to federal law under HIPAA, and there are certain circumstances where data can be shared and -- look at. This goes to cost containment and it goes to efficiencies in our system.

With that, Madam President, I will sit down and turn the floor back over to Senator Crisco.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Thank you, Madam President.

Madam President, that summarizes from the Insurance Committee and the Public Health perspective.

And if there's no objection, I ask it be placed on Consent.

THE CHAIR:

Seeing none, Senator -- will you remark further? Will you remark further?

Senator Kelly. Boy, I wish I'd spoke quicker.

SENATOR KELLY:

Thank you, Madam President.

I have several questions, through you, to the proponent of the bill.

THE CHAIR:

Please proceed, sir.

SENATOR KELLY:

Can you explain why the bill applies only to very specific nonprofits and labor organizations?

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Yes, Madam President.

Through you, to the good Senator, the Ranking Member on our Insurance Committee, it pertains to nonstate, public employees; that is, basically municipal employees and nonprofit employees. In regards to this union members, I am not quite sure, what does -- Senator Kelly means by that.

THE CHAIR:

Senator Kelly.

SENATOR KELLY:

I believe under the -- the bill it states that a nonprofit employer means a --

SENATOR CRISCO:

Oh, (inaudible).

SENATOR KELLY:

-- nonprofit corporation organized under 26 U.S.C. 501, as well as an organization that is tax exempt, pursuant to 26 U.S.C. 501(c)(5), which I believe are labor organizations.

Through you, Madam President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Madam President, through you, to the Senator, yes; he's correct. Labor and agricultural nonprofits are also eligible for the plan.

But let me state, Madam President, through you to the Senator, we're talking about a plan that eventually will be proposed by the Comptroller. We are not referring to any plan going to place with this legislation.

THE CHAIR:

Senator Kelly.

SENATOR KELLY:

Could you explain the different between no plan going into effect because of this legislation and a plan being created by the Comptroller?

Through you, Madam President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Thank you, Madam President.

Through you, to -- to the Senator.

Basically, right now we have a state employee insurance plan, which comes under ERISA. The legislation will call for the Comptroller to propose one or two plans that will not be part of the state

employee plan, because we're very concerned that when you hit a certain percentage of employees, you lose your ERISA standing. So by 2014, I believe that the Comptroller will -- may propose one plan for both type of employees or may recommend two different plans.

And what this does for us, Madam President, through you, to the Senator, is that it gives us a better pooling. And what I mean by "pooling" is greater numbers that might be available to give us the best possible rates in either plan from the insurance companies.

THE CHAIR:

Senator Kelly.

SENATOR KELLY:

Thank you, Madam President.

Could you expand on that concept of pooling? How do greater numbers reduce or result in lower costs?

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Madam President, through you, to the Senator.

I know from his enjoyable year on the Insurance Committee that he heard testimony from time to time in regards that if you're going to provide insurance

coverage for more lives, you're able to spread out the cost and you're able to spread out the actuarial basis in regards to a plan; that is, for example, if you have a plan that only covers people who perform hazardous duty, obviously that's not a very good underwriting pool. But if you have a pool that may include administrators, teachers, managers, et cetera, what have you, and instead of having a hundred you have thousands, than actuarial-wise, the insurance company could develop a most favorable rate plan.

THE CHAIR:

Senator Kelly.

SENATOR KELLY:

Okay. I just want to make sure I'm getting this right. You had mentioned if somebody had a hazardous duty. I also think, for the viewers at home, let's say we had ten individuals that were in chronic care and then we had ten individuals who were 18-to-20-year-olds that were absolutely healthy; both ten-member plans. Which would be more expensive?

Through you, Madam President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Madam President, through you, to the Senator.

First, let me state that the Comptroller, when there is an application made from either group, will have an actuarial analysis of that particular group and the Comptroller may accept or deny the application. So in regards to hazardous duty, obviously those individuals that come under greater hazardous -- hazardous duty, from an actuarial perspective all alone, would not be a favorable group for -- to insure.

THE CHAIR:

Senator Kelly.

SENATOR KELLY:

Thank you, Senator.

But I think the -- the question I'm trying to get to is the -- the abstract, not what the Comptroller is going to do or not do, just with regards to this concept that the more people in a pool will drive costs down. And I don't think the insurance industry is quite structured in that fashion. I -- I think they look more at risk. So my question remains. If I had ten individuals who were chronic care, high expense, and in one plan, and ten individuals that

were 18-to-20-year-olds, perfectly healthy, never go to the doctor, which plan is more expensive?

Through you, Madam President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Madam President, through you, to the Senator.

I realize that he knows the answer before I even say it; obviously, through the chronic care.

But let me also mention to the good Senator that what we're talking about is similar to shopping at a wholesale store, like perhaps if Senator Kelly goes to Costco or somewhere like that, and buying health care in bulk saves consumer dollars. It's simply a power, the power of numbers.

There's a good example, I believe, with the City of Hartford. The City of Hartford will save $1.8 million in regards to the prescription plan by joining the state prescription plan. In the turn, the state will, even though not directly related to the issue, but it gives a good comparison, the state, in turn, will save six million through Hartford's participation, and in numbers.

THE CHAIR:

Senator Kelly.

SENATOR KELLY:

Thank you, Madam President.

I do shop at Costco, and while Costco might have a bulk rate for, you know, Cheerios, insurance products are not purchased on a -- an item of bulk; it's dealt with by risk. So the example I was giving you, which you indicated if you had ten chronic-care individuals, let's say in hospitals and nursing homes, in the expensive end of the insurance pool, versus let's not make it ten individuals, let's go to 20 or 30, so you have more numbers at the 18-to-20-year-olds that never go to the doctor; they have no ill ailments. What you're saying is that the strength in numbers is going to drive down the cost. And what I think the -- the answer here is, that it's risk.

SENATOR CRISCO:

Oh.

SENATOR KELLY:

That's what it is; it's not sheer numbers.

Through you, Madam President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Madam President, through you, to the Senator.

Yes, he is correct and that I apologize. That what -- was my implication, that it's not only numbers but healthy numbers.

THE CHAIR:

Senator Kelly.

SENATOR KELLY:

Thank you.

Why is there notwithstanding language exempting the plans developed by the Comptroller from the protection of the insurance statutes?

Through you, Madam President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Madam President, through you, to the Senator.

I'm sure he's aware that those plans that are self-insured are not -- they're not applicable to the insurance regulations that he pertains to.

THE CHAIR:

Senator Kelly.

SENATOR KELLY:

Okay. Just backtracking it for a second, we indicated that we're going to allow specific

nonprofits as well as labor organizations. Could you explain the policy rationale behind just choosing certain nonprofits and labor organizations and not a -- a larger group?

Through you, Madam President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Madam President, through you, to the Senator.

We're not choosing certain nonprofits. We're stating that there is a criteria for a nonprofit to be eligible, based on 50 percent of their funding comes from state or federal government. And if these qualified nonprofits want to make application, then, through you, Madam President, to the Senator, they will make application. And then the Comptroller will have an actuary review of that particular application.

THE CHAIR:

Senator Kelly.

SENATOR KELLY:

Through you, Madam President, why is there a qualification of 50 percent or more? What's the importance of that qualification?

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

I believe that meets the definition of a nonprofit.

Madam President, through you, to the Senator.

THE CHAIR:

Senator Kelly.

SENATOR KELLY:

As I understand the definition of "nonprofit," it rests in the Internal Revenue Code, Section 501(c)(3). It doesn't depend whether or not an organization has a contract with the state that represents 50 percent of their business.

What is the qualifying rationale that you have to have that contract to participate in this plan?

Through you, Madam President.

SENATOR CRISCO:

Madam President --

THE CHAIR:

Senator --

SENATOR CRISCO:

-- through you, to the Senator.

In detail, a nonprofit employer is a nonprofit corporation, organized under, as you've stated,

26 U.S.C. 501, nonprofits with a federal tax exemption status who also have (1) a state purchase-of-service contract, health and human service contracts defined in Section 4-70b or receive at least 50 percent of their gross revenue from state, federal or municipal funds.

THE CHAIR:

Senator Kelly.

SENATOR KELLY:

Through you, Madam President.

I guess to put my question differently, if I'm a 501(c)(3) charitable organization that only has a contract for 30 percent of the state business, why would I be denied access, and why would somebody with 50 percent be given access?

Through you, Madam President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Madam President, it was just a -- not -- not a number but a number that was thought that would not -- the 50 percent would not affect the -- adversely the -- the pool.

THE CHAIR:

Senator Kelly.

SENATOR KELLY:

How? How would a charity, a nonprofit organization with contracts with the State of Connecticut of under 50 --

SENATOR CRISCO:

Well --

SENATOR KELLY:

-- percent --

SENATOR CRISCO:

-- why -- why would it be under 50 percent?

SENATOR KELLY:

-- I'm going --

SENATOR CRISCO:

Why would it --

SENATOR KELLY:

-- to say --

SENATOR CRISCO:

-- be less than --

SENATOR KELLY:

-- be a --

SENATOR CRISCO:

-- 50 percent?

SENATOR KELLY:

-- problem to the pool?

Through you, Madam President.

THE CHAIR:

Could you just repeat that one more time? There was some noise.

SENATOR KELLY:

Certainly.

THE CHAIR:

Thank you.

SENATOR KELLY:

How would a charity, a nonprofit, 501(c)(3) corporation, with less than a 50 percent contract be adverse to the pool?

THE CHAIR:

Thank you.

Senator Crisco.

SENATOR CRISCO:

Madam President, through you, to the Senator.

It basically, you know, the 50 percent rule gives comfort to the fact that they are, you know, a nonprofit and a nonprofit employer. And if there is a percentage lower than the revenue could be, you know, greater than may be required to be eligible as a

nonprofit employer for the Comptroller's, you know, evaluation to join the pool.

THE CHAIR:

Senator Kelly.

SENATOR KELLY:

I believe that in order to be a nonprofit corporation, you have to be organized and operated under the Internal Revenue -- Internal Revenue Code, Section 501(c)(3). That's all that's necessary to be a charity.

The question is: Why is there this qualifying 50-percent-state-contract rule to afford a nonprofit in Connecticut the right to participate in this plan?

Through you, Madam President.

SENATOR CRISCO:

Madam President, through you, to the Senator.

Simply put, that the 50 percent rule makes them, you know, demographically closer to the state employee, you know, insurance pool. That it's basically they are a nonprofit, and 50 percent is a good criteria.

THE CHAIR:

Senator Kelly.

SENATOR KELLY:

When we talk about the demographics of the state employee pool, are we talking about the actual members that participate in that insurance pool?

Through you, Madam President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Madam President, through you, to the Senator, yes.

THE CHAIR:

Senator Kelly.

SENATOR KELLY:

Okay. So if I've got this straight, what you're saying is nonprofit corporations with contracts of 50 percent or greater with the State of Connecticut have the same demographic workforce as the State of Connecticut?

Through you, Madam President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Madam President, through you, to the good Senator.

Remember, we stated not only from state but also from federal and municipal funds. And it was determined that with this 50 percent factor, they have similar demographics to the state employee fund.

THE CHAIR:

Senator Kelly.

SENATOR KELLY:

I'm not sure that answered my question.

What I heard was that the demographic of the charity, you know, the people that work for the charity is the same as the state, once they hit this contracting 50 percent threshold, be it from state or federal funds. And I find that a stretch.

Through you, Madam President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Madam President, through you, to the Senator.

If one would just sit back and analyze what these nonprofits, you know, embark on, they do similar work to then -- as the state does.

THE CHAIR:

Senator Kelly.

SENATOR KELLY:

Okay. In lines 21 and 22 of the proposed bill, it states that a municipality and a board of education may be considered separate employers for the purpose of the bill. What is the reason for this?

Through you, Madam President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Madam President, the reason for this, that they may -- may be structured differently. They maybe have different groups who may offer, you know, their group for insurance that may not be related to other parts of a municipality. There were some situations and some committees where the board of education is treated as a separate entity, as compared to the town, and that's the rationale for that.

Madam President, through you, to the Senator.

THE CHAIR:

Senator Kelly.

SENATOR KELLY:

Thank you, Madam President.

I also know that there's a trend in municipal government to use both the town-side and the board-of-ed side and to bring those two groups together to get

better rates for insurance. Would this prohibit that activity?

Through you, Madam President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Madam President, through you, to the Senator.

I believe the operative word is "may."

THE CHAIR:

Senator Kelly.

SENATOR KELLY:

Thank you.

Section 2 also states that the Comptroller shall, quote, coverage under a partnership plan or such plans and that such plans or plans may be offered on a fully insured or risk-pool basis, at the discretion of the Comptroller. Prior pooling bills, in the past, only allowed groups to join into the state employee health care pool.

Why is the Comptroller being allowed to design and create a new insurance pool and product?

Through you, Madam President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Madam President, through you, to the Senator.

The -- the reason for developing a -- a different plan is because of the ERISA rules. And as I stated earlier, I believe the good Senator is aware that if you bring in more than 10 percent of a certain organization, you may affect your ERISA standing. So not to impair our ERISA standing of our state plan, it may be better to have separate, other plans.

THE CHAIR:

Senator Kelly.

SENATOR KELLY:

Does the Comptroller's Office have the necessary skills and staff to create and market this new product?

Through you, Madam President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Madam President, through you.

If you the good Senator would look at all the language in -- in the bill, he has the opportunity to possess the staff and also to hire additional people

and consultants, actuarials, et cetera, to make the appropriate decisions.

THE CHAIR:

Senator Kelly.

SENATOR KELLY:

Thank you, Madam President.

Section 2 of the bill also provides procedures by which nonstate, public employees covered by the collective bargaining agreements shall withdraw from such coverage in accordance with Chapters 113 and 166 of the General Statutes.

Does this mean that if an employer could no longer afford to be in the state employee plan, the employer would not be able to withdraw unless it was in accordance with the collective bargaining contract?

Through you, Madam --

THE CHAIR:

Senator --

SENATOR KELLY:

-- President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Through you. Well, through you, to the Senator, that is correct.

THE CHAIR:

Senator Kelly.

SENATOR KELLY:

Okay. Is this the same standard that is currently in effect for other health insurance plans?

Through you, Madam President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Madam President, I cannot provide that information but we will try to get it before our discussion ends.

THE CHAIR:

Senator Kelly.

SENATOR KELLY:

Thank you, Senator Crisco.

We've heard a lot about ERISA and in the discussion that we're having, and there is language in the bill, found on lines 90 through 99. It basically states that the Comptroller shall take such actions as are necessary to ensure the granting coverage to all employers under Sections 3 and 4 of this act will not

affect the status of the state employee plan as an ERISA plan.

What would be the effect of a change in the state employee ERISA plan status, if it were adverse, if -- if we changed it?

SENATOR CRISCO:

Madam --

THE CHAIR:

Senator --

SENATOR CRISCO:

-- President, through you, to the Senator.

We -- we would lose our status of the ERISA plan.

THE CHAIR:

Senator Kelly.

SENATOR KELLY:

Could you repeat that answer?

SENATOR CRISCO:

That if we do not meet the ERISA requirements, then we would lose our ERISA status.

Through you, Madam President.

THE CHAIR:

Senator Kelly.

SENATOR KELLY:

So is it fair to say that under all circumstances as this plan is designed that we will not violate the ERISA rules?

Through you, Madam President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Madam President, through you, to the Senator.

As he knows in his outstanding legal background, if more than a -- the -- the de minimus level defined as greater than one percent of nonstate employees join the state plan, its ERISA-exempt status is at risk. Establishing alternative plans permits the Office of the State Comptroller to preserve -- to preserve the ERISA-exempt status of the state employee plan.

THE CHAIR:

Senator Kelly.

SENATOR KELLY:

Wouldn't it make sense, if we know that we have to give the Comptroller this preservation language in ERISA, because we don't know what's going to happen with the state employee plan, that we would take the time to make sure we could answer that question before we adopt the legislation?

Through you, Madam President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Through you, Madam President, to the Senator, no.

THE CHAIR:

Senator Kelly.

SENATOR KELLY:

So you would think it's okay to establish a plan that could put the state employee health care plan under ERISA at risk?

Through you, Madam President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Madam President, through you, to the Senator.

That is not what this bill does. There are numerous safeguards in the bill that will prevent endangerment of the ERISA status to our state employee plan.

THE CHAIR:

Senator Kelly.

SENATOR KELLY:

Okay. So if there's numerous safeguards, wouldn't it then be fair to say that lines 90 through 99 would be surplus; we wouldn't have to give the Comptroller this ability to save the program if there's already language in place to safeguard it?

Through you, Madam President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Madam President, through you, to the Senator, that is the language.

THE CHAIR:

Senator Kelly.

SENATOR KELLY:

In lines 108 through 115, the bill allows the Comptroller and the Health Care Cost Containment Committee to develop and implement patient-centered medical homes for state employee plan and participant partnership plans. If municipalities and nonprofits join the state employee plan, would they have to comply with the provisions that may result from the current SEBAC negotiations; i.e., the value-added plan?

Through you, Madam President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Madam President, at the present time, with the current language in the bill, no.

THE CHAIR:

Senator Kelly.

SENATOR KELLY:

Under the current language of the bill but is there a possibility that this could -- could be the effect?

Through you, Madam President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Madam President, through you, to the Senator.

With the language in the bill from the Insurance perspective and the Public Health's perspective, I would say no.

THE CHAIR:

Senator Kelly.

SENATOR KELLY:

The bill states that if an employer seeks entry but does not wish to cover all their employees, they

will have their application reviewed by an actuary.

Why wouldn't we have an actuary review all applications, irrespective of the number of the employees they wish to have covered?

Through you, Madam President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Madam President, through you, to the Senator.

I think it depends upon the applicant, that it may be obviously that some applicants may -- may obviously present adverse selection. So when there is a question, and to be doubly sure, then the Comptroller would hire an actuarial individual to make this quick decision.

THE CHAIR:

Senator Kelly.

SENATOR KELLY:

So is it -- if I hear you correctly, the Comptroller is going to pick and choose, based on the actuary -- actuary report who they're going to let in and who they're not, so as to not have the result of adverse selection?

Through you --

THE CHAIR:

Senator --

SENATOR KELLY:

-- Madam President.

THE CHAIR:

-- Crisco.

SENATOR CRISCO:

Madam President, through you, to the Senator.

It's not so much pick or choose, I would say the Comptroller would evaluate and from that perspective, if there is any potential of an adverse selection, then the -- the services of an actuary would be hired.

THE CHAIR:

Senator Kelly.

SENATOR KELLY:

What's the difference between picking and choosing and evaluating?

Through you, Madam President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Madam President, through you, to the good Senator.

I -- I think the difference is whether you pick out something that -- in my evaluation -- whether you select something by random or evaluate each particular, you know, situation.

THE CHAIR:

Senator Kelly.

SENATOR KELLY:

So is the Comptroller going to be charged with -- with authority after review by an actuary that if an application comes in that's going to have an adverse impact on the pool, that the Comptroller can deny that application?

Through you, Madam President.

SENATOR CRISCO:

Madam --

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

-- President, through you, to the Senator, yes.

THE CHAIR:

Senator Kelly.

SENATOR KELLY:

And the Comptroller will have full discretion to do that?

Through you, Madam President.

THE CHAIR:

Senator --

SENATOR CRISCO:

Madam President --

THE CHAIR:

-- Crisco.

SENATOR CRISCO:

-- through you, to the Senator, yes.

THE CHAIR:

Senator Kelly.

SENATOR KELLY:

Why are we not setting up a reserve for claims prior to opening it to the state employee plan?

THE CHAIR:

Senator --

SENATOR KELLY:

Through you.

THE CHAIR:

-- Crisco.

SENATOR CRISCO:

Madam President, through you, to the Senator.

I believe if you look at the time schedule, if the Senator will look at the time schedule, it allows

the Comptroller to charge fees that could set up a -- a reserve.

THE CHAIR:

Senator Kelly.

SENATOR KELLY:

But why? The question is: Why aren't we doing this prior to opening up the pool?

Through you, Madam President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Madam President, through you, to the Senator.

Initially it felt it was not needed.

THE CHAIR:

Senator Kelly.

SENATOR KELLY:

Does the Comptroller have an estimate regarding the size of claims' reserve that may be needed?

Through you, Madam President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Madam President, through you, to the Senator.

At this time, that is too premature.

THE CHAIR:

And Senator Kelly.

SENATOR KELLY:

Is it envisioned that the fully insured plan offered by the Comptroller will be offered in the health insurance exchange?

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Madam -- Madam President -- what? Madam President, through you, to the Senator.

I believe, again, it is too early to -- to determine that. And maybe as the insurance exchange gets up and running, as the Comptroller evaluates the applications, there might be a, you know, a particular, definite opinion on that.

THE CHAIR:

Senator Kelly.

SENATOR KELLY:

Seeing that we -- we haven't figured out how much we're going to need in a reserve, whether we're going to offer this as part of the exchange, that we're not engaging in trying to create a reserve, isn't it

premature to introduce this at this time before the answers are determined?

Through you, Madam President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Madam President, through you, to the Senator.

Simply put, no. But there are enough planning steps in the bill to be prepared when it is necessary.

THE CHAIR:

Senator Kelly.

SENATOR KELLY:

In lines 168 through 183, it indicated that the Comptroller will develop actuarial standards to assess the shift in medical risks of an employer's employees to the partnership plan. It also develops standards to determine what the premiums and fluctuating reserve fee will be; however, the Health Care Cost Containment Committee will have final approval on the standards.

Who is the Health Care Cost Containment Committee and who is it comprised of?

Through you --

THE CHAIR:

Senator --

SENATOR KELLY:

-- Madam President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Madam President, through you, to the Senator.

It's made up of administrative officials and SEBAC officials.

THE CHAIR:

Senator Kelly.

SENATOR KELLY:

So it's made up of state employees and union members.

Through you, Madam President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Yes, Madam President, that is correct.

THE CHAIR:

Senator Kelly.

SENATOR KELLY:

Why does the nonprofit community not have a seat at the table?

Through you, Madam President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Madam President, through you, to the Senator.

If he looks at the legislation, this bill permits a nonprofit group to develop an advisory board.

THE CHAIR:

Senator Kelly.

SENATOR KELLY:

They will -- they'll create an advisory board to what?

Through you, Madam President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Madam President, through you, to the Senator.

The nonprofits do have an advisory board, so they will have a seat at the table.

THE CHAIR:

Senator Kelly.

SENATOR KELLY:

Okay. Why does the health containment or Health Care Cost Containment Committee -- that's a tongue-twister --

SENATOR CRISCO:

Just say "H-C-C-C."

SENATOR KELLY:

-- yes -- have final approval instead of the Comptroller?

Through you, Madam President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Madam President, this is just established procedure.

THE CHAIR:

Senator Kelly.

SENATOR KELLY:

And who -- who appoints these members to the HCCC?

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Madam President, I believe, through you, to the Senator, the individuals will be appointed by the Governor and union officials.

THE CHAIR:

Senator Kelly.

SENATOR KELLY:

So would the Governor and union officials also appoint the nonprofit representatives?

Through you, Madam President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Madam President, through you, I may have misspoken. My apology to the Senator.

The six-member, Nonprofit Health Care Advisory Committee, the Comptroller appoints representatives from participating employer and employee groups, three nonprofit employer representatives and three nonprofit employee representatives.

THE CHAIR:

Senator Kelly.

SENATOR KELLY:

Have any other states opened up their state employee plan to municipal employers, nonprofits, and their respective retirees?

Through you, Madam President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Madam President, through you.

At the last count -- at the last count -- to the good Senator -- I believe 24 states have allowed local government employees to participate in their state employee plan.

THE CHAIR:

Senator Kelly.

SENATOR KELLY:

What is the difference between the fully insured plan, that may be offered by the Comptroller under this bill, and the MEHIP plan administered by the Comptroller presently?

Through you, Madam President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Madam President, through you, to the Senator.

It's a -- it's a difference of more -- more lives being involved, more numbers because of the -- the different groups that could participate.

THE CHAIR:

Senator Kelly.

SENATOR KELLY:

So then the -- the -- the fully insured plan and MEHIP are the same thing.

Through you, Madam President.

SENATOR CRISCO:

No. No.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

No. Through you, Madam President, no.

THE CHAIR:

Senator Kelly.

SENATOR KELLY:

And how are they different?

Through you, Madam President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Madam President, through you, to the Senator.

At the present time, we don't have a plan and it could be more than municipal employees, it could be the nonprofit employees.

THE CHAIR:

Senator Kelly.

SENATOR KELLY:

In Sections 54 through 88, we have what was, in essence, Senate Bill 1158, AN ACT CONCERNING UTILIZATION REVIEW, GRIEVANCES, AND EXTERNAL APPEALS' PROCESS. How is this different from Senate Bill 18?

Through you, Madam President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Madam President, through you.

Not having a copy of Senate Bill 18, I believe that this gives us a broader application in regards to grievance and external appeals.

THE CHAIR:

Senator Kelly.

SENATOR KELLY:

My recollection was that Senate Bill 18 gave greater or afforded individuals greater opportunities and information, and that this, 1158, was what was more on the national model, that the Senate Bill 18 did not comply with the NAIC standards.

At the time that that bill came before the Circle, I stood up and talked about how Senate Bill 18 would make Connecticut an outlier, if you will, when

it comes to this end of the health care reform and that the better bill to enact would be Senate Bill 1158, which would be in conformance with many of the other states throughout the country so that we would have a uniform approach to utilization review, grievances, and external appeals.

So my question is twofold: One is how is this different from Senate Bill 18? And, two, how are they going to interrelate with one another?

Through you, Madam President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Madam President, through you.

I believe this is a more balanced approach.

THE CHAIR:

Senator Kelly.

SENATOR KELLY:

Thank you, very much.

At this time I -- I have no further questions.

THE CHAIR:

Thank you.

Will you remark further?

Senator Welch.

SENATOR WELCH:

Thank you, Madam President.

I appreciate that this bill is a couple steps back from, I think, some of the conversations we were having earlier in the year, because I think we were moving really far, really fast. However, as I take a look at this bill and as I reflect upon what it looked like a few months ago, there are -- there are a number of things in here that -- they're his own questions, questions that I don't think we were asking during the committee process because they were questions that we didn't know to ask at that time.

And so, if I may, through you, Madam President, I do have a number of questions for the proponents of the bill.

THE CHAIR:

Please proceed, sir.

SENATOR WELCH:

And the first few, I think, would be probably most appropriate to Senator Crisco. And why don't I start with the issue of mandates.

Through you, Madam President, are the policies envisioned in Section 2 of -- of this bill, will they

be subject to the current mandates that -- insurance mandates that we have on our books now?

Through you, Madam President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

And, Madam President, through you.

I believe that's too premature, as the good Senator knows that we have waiting for the federal decision in regards to what they will consider mandates that will be covered. And they may be similar to ours. They may be different.

This body, as I mentioned in past discussion, Madam President, through you, to the Senator, we may have to -- we may agree to accept those particular areas of preventions. We may decide to accept some of them. We may decide to accept, you know, not to just go with our own particular preference and use -- and if there has to be an investment on behalf of the state, this august body will have to make that decision.

THE CHAIR:

Senator Welch.

SENATOR WELCH:

Thank you, Madam President.

And that is a fair answer, and I think, perhaps, because I poorly worded my question.

Let me try it a different way. As I understand it now, the current health care system offered by the State of Connecticut is exempt from the mandates. Let's just set the federal laws to -- aside for one moment -- however, private insurance are not. So setting the federal -- setting the federal policy -- excuse me -- setting the federal act aside, through you, Madam President, would the -- would the -- the coverage offered under this plan be exempt from our mandates or would we -- they be subject to them?

Through you, Madam President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Madam President, through you.

Let's just back up a little bit. The -- the state plan, you know, accepted our present, you know, preventions on the book. And what the new plan or plans may be will depend upon what the Comptroller may recommend. So I would love to answer the good

Senator's question but I think it's somewhat very premature.

THE CHAIR:

Senator Welch.

SENATOR WELCH:

Thank you, Madam President.

And -- and that I -- I guess leads me to my next set of questions and I think, perhaps, probably some of my biggest concerns with the bill that we have before us, and that is I'm not quite sure what we get with Section 2, at this point in time.

As I read the bill, and I -- I believe Senator Kelly pointed -- pointed to this at one point in time, is that coverage under a partnership plan or plans so it sounds like the comptroller can establish one plan as it were, and that the plans may be offered on a fully-insured basis or a risk-pooled basis. And I'm a little confused there, Madam President, because I understood this to be the pooling bill, but it sounds like it's doing a little bit more in that it will allow the controller to establish a fully-insured plan, and I'm not quite sure what that means.

So if I may through you, Madam President, what is a fully-insured plan. Through you to Senator

Crisco.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Madam President, through you to the Senator, it really would be the decision of the controller to either pursue a fully-insured plan or a self-insured plan.

THE CHAIR:

Senator Welch.

SENATOR WELCH:

Okay. And then through you, Madam President, would that self-insured plan necessarily have to be pooled plan or could it be something totally different. Through you, Madam President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Madam President, through you, the whole essence of this is to get greater numbers and so -- have a bigger pool so the answer is yes.

THE CHAIR:

Senator Welch.

SENATOR WELCH:

Okay. Thank you, Madam President. I guess I'm still a little bit concerned, because as I read this -- and maybe I'm reading it incorrectly and if I am, please, please let me know, Senator Crisco -- but through you, Madam President, does this bill create a public option which is limited as it were -- or maybe it's better phrased -- does this bill allow the controller to create a public option but one that would only be open to the municipalities and not-for-profits. Through you, Madam President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Madam President, it's possible, but right now, no.

SENATOR WELCH:

Okay. And thank you.

THE CHAIR:

Senator Welch.

SENATOR WELCH:

Thank you, Madam President. And that is a big concern of mine in that it seems like we are -- we are giving a lot of power to the comptroller without the Legislature signing off on what that

final plan is. As I do my back of the envelope numbers, it looks like from OFA's analysis there is a potential of adding more than 750,000 people to -- to the -- whatever plan it is that the controller comes up with and if you add that 200-plus-thousand that are already on the state plan, we're talking about a third of the state's population now having their health care being controlled through the state of Connecticut.

And so that is -- that is a concern of mine at this point especially since we don't know what these plans are going to look like. We don't know what reserves need to be set aside as Senator Kelly pointed out and so there's still a lot of unknown and yet a lot of potential to create a very big beast here. I do have a few more questions, if I may, through you, Madam President.

THE CHAIR:

Please proceed, sir.

SENATOR WELCH:

And these questions have to do, I think, with the kinds of information that we will be collecting should this bill pass. And if I may beginning in -- beginning in Section -- it looks like Section 10

of the bill. We are requiring -- it looks like insurance companies to provide information to the municipalities free of charge with respect to coverages and then we are not necessarily requiring but allowing them to provide all of that information to the comptroller. It looks like what we're doing here, Madam President, getting a lot of information, putting it in the hands of the comptroller and I'm just curious as to why we would be doing that.

Through you, Madam President, what is the purpose behind Section 10?

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Madam President, through you, to the Senator, historically, it's been very difficult for municipalities to obtain information that they may need for their insurance programs so this provides a process where the information that historically may have been difficult to get to be available to the controller.

THE CHAIR:

Senator Welch.

SENATOR WELCH:

Thank you, Madam President.

But isn't this information that the municipalities could ask for if they wanted it. Through you, Madam President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Madam President, through you to the good Senator, yes, but based on experience, it has not been forthcoming.

THE CHAIR:

Senator Welch.

SENATOR WELCH:

Thank you, Madam President.

So as I understand this section, they're going to get it whether they want it or not. Is that correct? Through you, Madam President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Yes. Madam President, through you to the Senator, that's yes, and if the town wishes to forward it on to the controller, they may.

THE CHAIR:

Senator Welch.

SENATOR WELCH:

Thank you, Madam President.

Now, is this information subject to FOIA once its in the hands of the municipality. Through you, Madam President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Madam President, through you, that's a very good question and if we'll just stand at ease for a couple of seconds.

THE CHAIR:

The Senate will stand at ease.

(Chamber at ease.)

SENATOR CRISCO:

Madam President.

THE CHAIR:

The Senate comes back to order. Yes, sir.

SENATOR CRISCO:

Thank you for your indulgence.

To the Senator, the answer is no.

THE CHAIR:

Senator Welch.

SENATOR WELCH:

Thank you, Madam President.

Then my next question is is this information subject to FOIA once it's in the hands of the controller. Through you, Madam President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Madam President, through you to the Senator, if he looks at lines specifically 438 to 445, I think the question is answered there, which is no.

THE CHAIR:

Senator Welch.

SENATOR WELCH:

And thank the Senator for the answer to that question. If I may, Madam President, through you, perhaps to Senator Gerratana, this bill requires disclosure of information such -- such information that Senator Gerratana spoke about in the introduction of the bill so if I can continue along that line of question through you.

THE CHAIR:

Please proceed, sir.

Senator Gerratana, prepare yourself. Thank you.

SENATOR WELCH:

Thank you, Madam President.

Section 12 talks about information that is to be gathered and given to OCA. In the past, I know that certain information was related to discharge information, but -- but this bill has a much more broad requirement with respect to collection of information and if I could, through you, Madam President, what is the difference between the information required to be collected prior to the passage of this bill and then the information that will be collected subsequent to the passage of this bill. Through you, Madam President.

THE CHAIR:

Senator Gerratana.

SENATOR GERRATANA:

Thank you, Madam President.

Through you, yes, currently OCA does have the ability to collect information that is collected from hospitals. In fact, Senator Welch and I were

just talking about it previously and it also has the ability to collect information like billing information that comes to us from hospitals through OCA. OCA uses this information for a variety of reasons usually to look at health care costs and utilizes the information that way. The bill in chapter -- I'm sorry -- in Section 12, as written now, is going allow that hospitals shall submit patient identifiable in-patient discharge data and emergency department data to OCA.

Again, this information will be utilized later on. We're including this language so it can be utilized through an MOU with the comptroller. It is also information that is subject to FOI and subject to the privacy laws. Through you, Madam President.

THE CHAIR:

Senator Welch.

SENATOR WELCH:

Thank you, Madam President.

And I thank the Senator for that response. Now that Senator Crisco has had a chance to sit down and get some rest, if I may, through you, ask him some more questions.

THE CHAIR:

Please proceed, sir.

Senator Crisco.

SENATOR WELCH:

Thank you, Madam President.

As Senator Kelly asked about the reserves that -- the fact that we're not setting aside any reserves at this point in time because we don't know how big the population is going to be that we gain because of this bill. A question came to my mind and that question was this: Is it the intent of this legislation to collect enough in premiums to cover the expected claims with respect to the additional population that we will be bringing in through this bill? Through you, Madam President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Madam President, through you, yes.

THE CHAIR:

Senator Welch.

SENATOR WELCH:

And then, through you, Madam President, is there ever a situation where we would envision the

taxpayers of the state of Connecticut paying for claims under this bill? Through you, Madam President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Madam President, through you to the Senator, no.

THE CHAIR:

Senator Welch.

SENATOR WELCH:

Thank you, Madam President.

And another line of question that Senator Kelly had, which I'm not sure that I got a clear enough answer on has to do with the -- the -- what is a nonprofit under this bill. And if I may, through you, Madam President, ask the Senator if he could give me an example of a not-for-profit that has a contract with the state of Connecticut that would qualify under this legislation and a not-for-profit that doesn't have a contract that would not qualify under this legislation. Through you, Madam President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Madam President, I believe I didn't clearly hear the good Senator's question.

THE CHAIR:

Senator Welch, would you repeat that again please.

SENATOR CRISCO:

I mean, for some reason his microphone has some residence that when goes throughout the chamber it doesn't make it clearly.

THE CHAIR:

Try it again, sir.

SENATOR CRISCO:

So I appreciate it.

SENATOR WELCH:

Thank you, Madam President.

How is this?

SENATOR CRISCO:

Good.

SENATOR WELCH:

Through you, Madam President, could Senator Crisco please give us an example of a not-for-profit agency that would qualify for this

coverage under this bill and perhaps a not-for-profit that would not because of the STEEP contract requirement within this bill. Through you, Madam President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Madam President, these are basically just human service contracts, what -- the qualifying nonprofit employees.

THE CHAIR:

Senator Welch.

SENATOR WELCH:

Thank you, Madam President.

And purposes for clarification or legislative intent, if I could direct the Senator to lines 160 to 165. We talked about earlier in a line a questioning by Senator Kane that it -- that we are not at this point intending to run every application through an actuarial system or, in fact, run an actuarial now, but at some point down the road, this Subsection D has a provision which I frankly just don't quite understand and that has to do with if you have an application where there is

an individual who has decided to decline coverage from their employee for themselves or for dependents, which I imagine happens all the time if a spouse has a better plan, then the controller shall not forward that employees application to the actuary. If I could just maybe get the reasoning behind that provision. Through you, Madam President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Madam President, through you to the good Senator, in my opinion, it's a -- a situation of risk.

THE CHAIR:

Senator Welch.

SENATOR WELCH:

I'm sorry, Madam President. I couldn't hear the answer if he could perhaps repeat --

SENATOR CRISCO:

I'm sorry. It's a -- Madam President, through you to the Senator, it depends upon the degree of risk and if the risk is considerably greater than what the controller feels is appropriate, then that

would be denied.

THE CHAIR:

Senator Welch.

SENATOR WELCH:

Okay. Thank you, Madam President.

I think -- I think my question was a little bit different, but that actually takes me to a place where I do want to go and -- and that is I notice in here that one of the provisions we're picking up from the federal -- federal law is the fact that he cannot deny coverage for preexisting conditions for individuals 18 years of age and younger, and I think that is actually probably a good thing. However, we have a situation here where we have a controller who can summarily deny claims because, in essence, of preexisting conditions. I do find that to be a little bit --

THE CHAIR:

Senator Crisco.

SENATOR WELCH:

I find that to be a little bit -- and let me qualify, if I may. Because in essence, the risk is too much for this pool to take. But returning to the question that I initially asked, which has to

do with lines 160 to 165, why would an individual not participating in an employer's coverage result in more risk for this pool? Through you, Madam President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Madam President, through you to the Senator, I believe it's a matter of numbers. That there are fewer lives.

THE CHAIR:

Senator Welch.

SENATOR WELCH:

All right. Thank you, Madam President. That's all the questions I have for now. Thank you.

THE CHAIR:

Thank you, Senator.

Will you remark further? Will you remark further?

Senator Suzio.

SENATOR SUZIO:

Excuse me. Hello, Madam President.

THE CHAIR:

Good evening, sir.

SENATOR SUZIO:

Good evening. I've got to give him a break for a second. So let me -- let me begin with just a statement or two then I do want to ask some questions to the proponent.

THE CHAIR:

Please proceed, sir.

SENATOR SUZIO:

My understanding of SustiNet as it was originally envisioned and publicly proposed is very different from what I think is in front of today and the most notable difference is -- if I'm correct and I'll ask Senator Crisco about this in a minute -- is, you know, the public option and the inclusion of people who can't afford or can't get insurance, health insurance for various reasons. It was anticipated that this would be a vehicle for providing health care insurance to those and yet the bill as I see in front of us today does not do that, and we've had people all over the capitol, people up the gallery who -- who have supported the idea because they see it as something that will provide health insurance for those who can't afford

it or don't have it for some reason right now. It could be preexisting conditions.

So I want to begin my questions, if I may, and it looks like Senator Crisco is ready, through you, Madam President. What happened --

THE CHAIR:

Please proceed.

SENATOR SUZIO:

-- to the public option and will -- correct me if I'm wrong -- but my understanding is this plan, this bill that we're going to be voting on tonight does not offer health care insurance to people who do not have it presently. Through you, Madam President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Madam President, through you to the Senator, in regards to his opening remarks, there has been definite change from the original proposal of what SustiNet is all -- was going to participate in. This new version is basically a more, I believe, of advisory capacity than implementing a specific insurance plan and this enables, as we stated

earlier, for the controller to develop one plan or two plans depending upon the information that may be available to him at the time.

THE CHAIR:

Senator Suzio.

SENATOR SUZIO:

Thank you.

And through you, Madam President, it just so happens that SustiNet is headquartered in my hometown Meriden so I have a lot of discussions with those folks and they're terrific people and they're very articulate advocates of their point of view, but I know that the primary motivator for them is the provision of health care insurance for those people who can't afford it or can't obtain it right now, yet, it is not in this plan, as has been proposed. Not as I see it anyways and I'd like to make certain, and I'd like the Senator to clearly state for the record that there is no provision in the current plan that we're going to be voting on tonight to provide health care insurance to the uninsured. Through you, Madam President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Madam President, through you to the good Senator, he is correct, but there will be eventually more opportunities in the future.

THE CHAIR:

Senator Suzio.

SENATOR SUZIO:

Thank you, Madam President.

All right. So we've established that one of the primary reasons for proposing SustiNet is not present in the current plan, the one we're going to be voting on tonight. No one who is uninsured in the state of Connecticut today for whatever reason is going to benefit from this plan should it be approved tonight. So I would like to ask the good Senator aside from that, given that we're forsaken that major goal of SustiNet as it was originally proposed, what are the major reasons for supporting this plan tonight. What are the primary benefits to vote for this as public policy. Through you, Madam President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Madam President, through you to the Senator, I think first we have to establish that the SustiNet group provided the catalyst -- it's very important -- the catalyst for where are today and hopefully where we will be tomorrow to achieve that objective. The bill establishes a new SustiNet health care cabinet to serve as a focal point for coordination and integration of state and federal health care reforms as well as to promote initiatives to improve health and spend the state health care dollars more wisely. The bill also creates a Consumer Advisory Committee. The bills directs the SustiNet Health Care Cabinet to produce a business plan for a nonprofit public health insurance option and the business plan must be completely by October 2010.

In fact, this was a very key recommendation in the January 2011 SustiNet board report to the Legislature. The bill provides for the hiring of consultants to produce the business plan. The bill directs the SustiNet Health Care Cabinet to assess the feasibility. As I mentioned earlier, the state offering the basic health plan beginning in 2014. Remember this is a plan that will help serve the --

the income level of 133 to 200 percent of the federal poverty level. So this basically were many components of the SustiNet bill and also a component of the original SustiNet Bill 6305 and the basis of pooling comes together and that opens the, you know, the plan to municipalities and qualifying nonprofit organizations and the plan is be created by the controller.

THE CHAIR:

Senator Suzio.

SENATOR SUZIO:

Thank you.

And through you, Madam President, if I could ask the good Senator could he succinctly explain the financial benefits, if any, of the proposed plan. Through you, Madam President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Madam President, I could summarize for the good Senator. These efforts will attract federal health -- new federal health care dollars. It will put in place more effective and sustainable ways to deliver health care and improve quality and expand

coverage. It may provide affordable state options for residents. It can implement a delivery system and payment -- payment reforms to more towards a more coordinated patient center evidence-based approach to health care that improves quality and slows cost growth. And there could be an enhanced delivery system which include electronic health records, patient center in medical homes, payment incentives that encourage evidenced-based care.

So there is considerable more potential than just offering a plan.

THE CHAIR:

Senator Suzio.

SENATOR SUZIO:

Thank you.

And through you, Madam President, as I said a few minutes ago, my hometown in Meriden is not only the headquarters for the SustiNet folks, but also it's where House Speaker Chris Donovan comes from, and I know he's a big proponent of SustiNet. And when I've read and heard him speak about this, he almost always seems to talk about economic benefit and savings that would accrue because of pooling of plans and making for a larger group of people to be

covered. And I don't know, maybe I misunderstood him but I'd like to hear Senator Crisco's take on that. Is -- is -- are there significant benefits that are anticipated as a result of creating a pooled plan of participants from many different sources, and if so, if he could just explain the economics of how that works. Through you, Madam President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Madam President, through you to the good Senator, as alluded before, there is an old saying in strength in numbers -- in numbers there is strength. By pooling the various groups to come with specific plans, you're spreading the risk considerably and so instead of having a risk pool of 1,000, you may a risk pool of 100,000 and that will spread the cost and provide more insurance options for individuals and it's -- the whole essence, Madam President, through you to the Senator, of the pooling concept.

THE CHAIR:

Senator Suzio.

SENATOR SUZIO:

Thank you.

Through you, Madam President, I notice that Section 8 of the plan requires two things to happen. It requires the Health Care Cost Containment Committee approves Sections 1 through 6. And it also requires the state employees to approve of this plan and its terms. Would you please explain why each one of those are conditions and how -- if they're decline, either one of them, how it would affect the proposed plan? Through you, Madam President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Madam President, as the language indicates in the bill, basically for the SEBAC group you need them to approve the plan. You know, it may be possible when the controller reviews everything where it's not dictated it is -- may be permissive. Maybe from three possible plans we may end with one plan. It all depends upon, you know, the percentages, the ERISA threat that may disqualify us from ERISA. So there could be various options

that may be available to the controller.

THE CHAIR:

Senator Suzio.

SENATOR SUZIO:

Thank you.

And again, through you, Madam President, why is the approval of the State Employee's Bargaining Agent Coalition required to make this effective. Why can it not stand on its own? Through you, Madam President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Madam President, because there could be possible changes to the state employee plan and since SEBAC who was the body that was, you know, a party to the SEBAC plan, that's the reason why it would be necessary because of more of the potential than the actuality.

THE CHAIR:

Senator Suzio.

SENATOR SUZIO:

And again, through you, Madam President, tell me about the Health Care Cost Containment Committee

requirement that it must approve Sections 1 through 6 of the act before the legislation can be effective. Why is that a requirement? What happens if the Health Care Cost Containment Committee does not approve all sections, 1 through 6?

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Madam President, if I read correctly, that is for the plan, before the plan can become effective --

THE CHAIR:

Senator --

SENATOR CRISCO:

-- not the legislation.

THE CHAIR:

Senator Suzio.

SENATOR SUZIO:

So if -- if either the Health Care Cost Containment Committee does not approve Sections 1 through 6 or the State Employees Bargaining Agent Coalition does not give its written consent to SustiNet, SustiNet will not happen. Is that

correct? Through you, Madam President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Madam President, through you, yes, that is a possibility, but since they have been actively involved in the process over the years I would think it most likely, but that's just a personal opinion.

THE CHAIR:

Senator Suzio.

SENATOR SUZIO:

Thank you, Madam President.

Again, the idea of pooling, is it necessary for SustiNet to be successful to mandate that the state employees must participate in this plan. In other words, this plan could not succeed with other pools of employees that are anticipated like the various municipalities it's absolutely dependent and requires state employee participation. Through you, Madam President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Madam President, through you, yes, but remember there are other components. Basically the other two components are the nonstate employees and the nonprofit employees.

THE CHAIR:

Senator Suzio.

SENATOR SUZIO:

Thank you, Madam President.

If the state employees approve participating in SustiNet -- my understanding is the state employees plan is a self-funded plan so if they approve participating in SustiNet would the good Senator explain how their incorporation in the SustiNet plan would be implemented given that they're a self-funded plan with their own group. Through you, Madam President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Madam President, through you to the Senator, there is no SustiNet plan. There may be plans offered by the controller in regards to the new eligibility individuals, the nonstate employees and the nonprofit employees so there is no SustiNet

plan. Remember the SustiNet Cabinet is going to make recommendations in the various areas. That may be included in the plan or plans that the controller decides to implement.

THE CHAIR:

Senator Suzio.

SENATOR SUZIO:

Excuse me. Thank you, Madam President.

Through you, the current health care that's offered to state employees, my understanding right today before SustiNet is self-funded. Is that -- am I correct in that? Through you, Madam President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Madam President, through you, the state employee plan, yes.

SENATOR SUZIO:

Thank you.

And through you, Madam President, if the state employees agree to participate in the SustiNet plan, is it envisioned -- I just want to make sure that I understand this -- that it will continue to

be a self-funded plan. Through you, Madam President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Madam President, through you to the good Senator, well, first of all, there is no SustiNet plan and what will be required is for SEBAC to agree to participate with the other plans in the pooling process.

THE CHAIR:

Senator Suzio.

SENATOR SUZIO:

So through you, Madam President, if state employees agree to obtain their health care insurance through the proposed SustiNet structure, will it be identical to the current plan that they have and will it be funded in the same way. Through you, Madam President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Madam President, through you to the good Senator, I think we have to qualify between bananas

and apples. There is no SustiNet plan. The controller may recommend, as I stated previously, one plan for the nonstate employees. A separate plan for the nonprofit employees. It may be a combination of two but what's necessary obviously is for SEBAC to concur with those plans so the goal of achieving pooling, the greater numbers will benefit everyone.

THE CHAIR:

Senator --

SENATOR CRISCO:

I want to state to the good Senator that there is no SustiNet plan and the plans that are going to be established by the controller, at this time, we are not sure what they will entail, but he does have the authority to establish one or two more plans.

THE CHAIR:

Senator Suzio.

SENATOR SUZIO:

Excuse me. Thank you -- thank you, Madam President.

Through you, so I understand -- maybe I've been using the wrong terminology. There is no

SustiNet plan meaning there's a health care plan that's uniquely called SustiNet. SustiNet, if I understand it correctly, is a mechanism, an umbrella under which health care insurance will be provided to state employees if they choose participate, to municipal employees if municipalities choose to participate. Is that a correct explanation?

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Madam President, through you to the good Senator, that is not quite correct. There is a state employee insurance plan. It's not part of SustiNet. There is no SustiNet plan. That was the original proposal, you know, a couple of years ago. The other plan or two plans that the controller will develop will not be SustiNet plans. Again, the controller may recommend that maybe everybody will -- well, you can't participate in the state employee plan because of the risk of endangering its ERISA status. So the controller I'm sure in his wisdom will be extremely careful to determine what the greatest composite of pooling will help

people in the state of Connecticut.

THE CHAIR:

Senator Suzio.

SENATOR SUZIO:

Thank you.

Through you, Madam President, so the various -- through you, Madam President, so the various groups that are anticipated to participate in this structure, will they actually be isolated as groups for risk purposes? Through you, Madam President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Madam President, that is correct. And remember when we speak of pooling we're not speaking of one specific pool, but the strength in numbers of having maybe two or three different plans that you could pool the numbers together not for coverage but in regards creating insurance coverage and offering that particular market to the insurance carrier whoever may be interested in bidding for the insurance plans.

THE CHAIR:

Senator Suzio.

SENATOR SUZIO:

Thank you, Madam President.

Maybe I was mistaken but I assumed that the pooling meaning the aggregation of large numbers of employees by inviting -- by inviting the participation in a -- very many groups that the pooling itself meaning the bringing together was going to be the economic justification for this -- this approach. That by putting large groups of people together and getting improved purchasing power and I thought I heard Senator Crisco mentioned about spreading the risk out before. Maybe I understood, but if the groups are going to isolated in different pools and they're not going to be sharing the risk then they're not sharing the risk and that removes one of the benefits that I thought was a reason for putting this plan forward. So perhaps the good Senator can correct me on my misunderstanding apparently of this.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Madam President, through you, basically, the pooling benefits will exist if you have two or

three plans and so the pooling effect -- he's correct -- will have certain economic benefits, but while there may be one, two -- two or three plans, the plans will be treated as a pool and that pool will be where the economies of scale are experienced.

THE CHAIR:

Sorry. Senator Suzio.

SENATOR SUZIO:

Thank you, Madam President.

Through you, so I look at the cost of the plan broken out as there is administrative cost and then there's the cost associated with the actual medical claims under the plan, and then there will be cost associates with pharmaceuticals and things of that nature so I kind of -- from my uneducated way to look at it as broken out into three different groups. And I can understand bringing together a huge group of people and saying oh, we've got not 5,000, but we have 200,000 people who are covered and we could purchase pharmaceuticals for example, but when it comes to the risk in terms of the health care costs themselves, that -- that's driven by the plan membership and what their actual

experience is.

If it's a self-funded plan, sooner or later -- it will get reflected quickly if it's a traditional plan provided through a third party, it gets reflected the premium sooner or later. So what I'm trying to understand is if we're commingling the pools then we're commingling the risk, but I'm getting a confused picture about this and I want to make sure that I understand it correctly. If we are pooling people together, that connotes that you're bringing them together as a large group, sharing in the expenses to get the benefits of reduced cost, but I'm not certain I'm hearing that clearly so I would ask the Senator's patience and -- if he can make sure and I can understand this correctly and explain it one more time. Through you, Madam President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Madam President, thank you so much, and speaking to the good Senator, basically, now there are different options. Again, I use the word "may." The controller may allow certain qualified

individuals to join the state insurance plan. He may offer a second plan maybe just for nonprofit employees. He may offer a third plan for nonstate employees or he may combine the nonstate employees with the nonprofit employees and basically we may have two plans out there, but every step that he takes I'm sure that he will cognizant of not endangering the state insurance plan in regards to ERISA requirements.

THE CHAIR:

Senator Suzio.

SENATOR SUZIO:

Thank you. Thank you very much, Senator.

Currently, as we speak, through you, Madam President, to the good Senator, Connecticut state employees are considering the latest offer as a result of the negotiations that are going on with the state and we all know that they're concerned about this. I've read public comments from employees and their leaders basically expressing concern about SustiNet and how it might affect their health care plan. You're anticipating that their health care plan will be brought under the umbrella of -- of what's proposed in this bill.

Will they be -- I think I've -- if I'm understanding you correctly, are you saying that these -- the state employees will get exactly -- they've got something in front of them right now that they've got to look at and they're not going to vote on as required under Section 8 about consent to participate in this if they don't exactly what it is they're getting into. What if any changes at all are going to be imposed on the state employees if they concur to participate in this proposed venture? Through you, Madam President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Madam President, during the negotiations between the administration and SEBAC there were different changes recommended to the SEBAC and presently I believe it's by the end of June the SEBAC members are going to vote on, you know, the plan as recommended by the SEBAC board and the administration, and at that time, that will determine what the new state employee plan may consist of, for example.

But that has -- that has no impact whatsoever upon the controllers ability -- authority to create one new plan or a second plan. And as the good Senator knows, in the SEBAC, there is -- just to use as an example -- mandatory prescriptions required, but that's just for SEBAC. We don't know -- that's, you know, one of the differences in the present state plan, but the controller is going to recommend on the actuarial basis is just too premature to determine at this present time.

THE CHAIR:

Senator Suzio.

SENATOR SUZIO:

Thank you, Madam President.

Through you, will be a two-step process with the state employees? In other words, will the state employees be voting on the proposed agreement between the administration and the unions and that itself will be separate from the vote on whether they, according to Section 8, provide written consent to the General Assembly. Is that going to a separate vote and a totally separate item, but that is part of the labor negotiations, one in the same? Through you, Madam President, soon to be Mr.

President, I guess.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Madam President, through you to the good Senator, yeah, it's two separate courses of action.

THE CHAIR:

Senator Suzio.

SENATOR SUZIO:

Thank you.

So basically -- through you, Madam President, one more time so basically what the unions, the employee unions are going to be voting on is totally separate from this and they will be given another document explaining what this is and then asking for their consent to participate in this structure. Through you, Madam President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Madam President, through you, the Senator is somewhat correct. But the new plans, the state employees will not participate in unless the controller changes the plans. So there may be --

let me repeat, Mr. President, that there, you know, as I said before, there may be -- we're going to have the state employee plan, that's one separate. We may have a nonprofit employee plan recommended by the controller and we may have a third plan, the nonstate employee plan or we have a combination of the last two.

It's just too early to say. And what the bill calls for is for the SEBAC, you know, group to say, you know, those plans are pretty good, let's go forward. But they have --

Senator Duff of the 25th in the Chair.

THE CHAIR:

Senator Suzio.

SENATOR CRISCO:

They have their own plan.

THE CHAIR:

Senator Crisco.

SENATOR SUZIO:

Thank you, Mr. President.

Is there is a time frame, under Section 8, where it's required to get the approval of the Health Care Cost Containment Committee and the State Employees Bargaining Agent Coalition, is

there a time frame for obtaining those approvals as this has been proposed to you, Mr. President.

SENATOR CRISCO:

Mr. President, through you to the Senator, I believe --

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

-- there is -- there is listed in the legislation the various time frames.

THE CHAIR:

Senator Suzio.

SENATOR SUZIO:

I'm sorry, because I was -- could you -- would you mind just repeating that, Senator Crisco?

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Mr. President, through you to the good Senator, yes there are specific time frames included in the proposed -- in the legislation.

THE CHAIR:

Senator Suzio.

SENATOR SUZIO:

Thank you.

And through you, Mr. President, would Senator Crisco, please, if there are explicit time frames, I didn't see them in the documents. What are those time frames? Through you, Mr. President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Mr. President, through you to the Senator, there are -- first of all, the basic health care program, the feas -- just the feasibility has to be determined by 2014. The bill opens the state employee may -- to municipalities beginning in 2012, to qualified nonprofits organizations in 2013. The business plan that is required has to be completed by October 2012.

THE CHAIR:

Senator Suzio.

SENATOR SUZIO:

Thank you.

Mr. President, my understanding of the proposal that the unions are voting on right now have various considerations with respect to state employee's health care plan. One of which is that

they have to participate in what was referred to as value-based health care. And that is a explicit provision of -- as my understanding of the proposed agreement with the unions. Is that something that's going to be included if SEBAC should give it's written consent to participate in this plan? Through you, Mr. President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Mr. President, through you to the Senator, the present discussion and acceptance by SEBAC is totally unrelated to the plans that the controller may recommend, plan or plans in the next couple of years.

THE CHAIR:

Senator Suzio.

SENATOR SUZIO:

Thank you, Mr. President.

Section 19 -- I just want to look at that for a minute if I could, which bear with me for a second.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Yes, Mr. President, did you call?

THE CHAIR:

I did. I came a knockin'.

SENATOR SUZIO:

Mr. President, I haven't asked him a question yet. I asked for a moment just so I could locate Section 19 because I have a question so just bear with me a second.

THE CHAIR:

The Senate will stand at ease.

Chamber at ease.

SENATOR SUZIO:

Section 19 deals with --

THE CHAIR:

The Senate will come back to order.

Senator Suzio.

SENATOR SUZIO:

Sorry. Thank you, Mr. President.

Section 19 deals, I believe, with -- yeah, there's a section of it that deals with dentists and dental charges and I wonder if the good Senator

could -- that was confusing to us as we discussed in caucus it a little bit and we would like to make sure we understand it correctly so I would ask the good Senator if he could give us a lucid explanation of what -- what's contained in there pertaining to dentists and dental charges. Through you, Mr. President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Mr. President, through you to the Senator, this pertains to what we call "noncover benefits." This sections prohibits its insurers from settings fees for services that policies do not covering, but dentists must charge their usual and customary fees and customers may request a fee schedule. A benefit book must include a disclosure that fees may not be discounted under the plan and the dentist must post notice in his or her office that noncovered services may not be discounted. In this particular section, 19, does not apply to self-insured or collectively-bargained plans as that could have had an impact on the fiscal note. Mr. President, through you.

THE CHAIR:

Senator Suzio.

SENATOR SUZIO:

Thank you, Mr. President.

That completes my questioning. I'm certain Senator Crisco will be relieved to hear that and I will defer my comment until we get to a later stage. Thank you very much.

THE CHAIR:

Thank you, Senator.

Will you remark further on the bill?

SENATOR CRISCO:

Through you, Mr. President, to the great Senator.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

I appreciate it. Thank you.

THE CHAIR:

Will you remark further on the bill? Will you remark further on the bill?

If not -- Senator Kelly.

SENATOR KELLY:

Mr. President, the Clerk has an amendment, LCO

Number 8469. Will the Clerk please call the amendment?

THE CHAIR:

Mr. Clerk.

THE CLERK:

LCO 8469, which will be designated Senate Amendment Schedule "A." It is offered by Senator Kelly of the 21st District.

THE CHAIR:

Senator Kelly.

SENATOR KELLY:

Thank you, Mr. President.

I move adoption by roll call and seek leave to summarize.

THE CHAIR:

Will you remark.

SENATOR KELLY:

Yes, Mr. President. This amendment would allow in addition to those certain nonprofit organizations and unions to allow uninsured veterans to participate in the partnership plan. I believe that if the program is as good as it's touted out to be that our service men and women deserve that opportunity to get insurance if they

have no already had opportunity and I would move adoption of the amendment.

THE CHAIR:

Thank you, Senator. A roll call vote will be ordered.

Will you remark further?

Senator McLachlan.

SENATOR McLACHLAN:

Thank you, Mr. President.

I rise in favor of this amendment and thank, Senator Kelly, for bringing forth a good idea. Certainly on this 67th of D-Day, we should be thinking of our veterans more so than ever and I think this is a good possibility for those who are veterans and struggling with the lack of the health care coverage at a rate that they can afford. Thank you, Mr. President.

THE CHAIR:

Thank you, Senator.

Senator Crisco.

SENATOR CRISCO:

Thank you, Mr. President.

Mr. President, I greatly respect and appreciate the amendment by -- by Senator Kelly but

this adds uninsured veterans to the pool. We building incrementally on the pooling concept, which is why it starts with only two groups who are very similar, the state services and have similar risk profiles. Veterans obviously are very, very deserving of health care and I would only too happy to work with Senator Kelly on this issue as we convene our Insurance Committee work in the next session.

THE CHAIR:

Senator Suzio.

SENATOR SUZIO:

Thank you, Mr. President.

I just rise to strongly support the amendment. Only a week this body voted to give benefits to children of undocumented aliens. I would think we ought to be able to give benefits to the people who probably most deserve it than anyone else in the country, the people who have served the country and put their lives at risk for their country and if those people need health care coverage, they ought to be given priority and I'm strongly supportive of the amendment. I think it's a great idea and I commend Senator Kelly for it. I think we owe it to

our veterans and coincidence Senator McLachlan just pointed out about the anniversary of D-Day is awesome. Let's -- let's recognize our veterans and what they've done for the country by including them in this plan, and I strongly support the amendment. Thank you very much.

THE CHAIR:

Thank you, Senator.

Senator Crisco for the second time.

SENATOR CRISCO:

For the second time, Mr. President, as a family who lost a parent during wartime, there is no one who appreciates helping veterans more than my family and I -- as I mentioned earlier, if Senator Kelly would like to pursue this, which is not compatible with this particular bill at the present time, I would only too happy to work with him as we have worked together on retiree benefits. Thank you, Mr. President.

THE CHAIR:

Thank you, Senator.

Will you remark? Will you remark further?

Senator McKinney.

SENATOR McKINNEY:

Thank you, Mr. President.

I rise in support of this amendment and I think it's important to discuss Senator Crisco's objection to this amendment because it really undermines the entire argument for the bill before us. We've been told that the idea of adding municipal employees, small business owners, independent contractors, nonprofits into our state pool was because that through purchasing power, we would be able to decrease rates.

We've been told and I've been on panels with a speaker who is likened buying insurance to going to Costco, it's hard to imagine someone actually even has a fundamental understanding of the insurance industry with such a claim. But Senator Crisco is in part right. Veterans who has -- don't have insurance are very different perhaps as a risk pool than our state employees, and if there claims experience is such that it would be higher than those of our average state employees, they are going to add cost to our state employee health care. That cost in turn is going to have to be made up by one or two groups of people, either the state employees who are now going to have to pay

more or the taxpayers of Connecticut who are going to have to pay more.

But what I find ironic is that the very argument that Senator Crisco has given is that the uninsured veterans are a different -- are different than the state employee pool and therefore pose different risk levels. That same argument he makes doesn't apply to municipal employees or nonprofits. Now, if we were going to mandate that all municipalities were to join this state health care pool, I would say that Senator Crisco has got a pretty good argument that municipal employees probably are very similar in their risks and claims as state employees, but we're not doing that.

We're giving municipalities an option to join the state pool. So let me ask you this, which first selectman or mayor is going to say hey, I'm going to negotiate with my municipal employees and we're going to join the state pool because it costs more money than what we're paying now. Maybe a first selectman or mayor on a suicide mission, maybe someone who purposely wanted to ruin their next election chances, maybe somebody who was incredibly stupid. My guess is nobody is going to

do that.

The four towns that I represent aren't going to join because their health care costs are lower than what it would cost to be part of the state pool. So just as Senator Crisco said that uninsured veterans are not similar to state employees and therefore their risks might be different and therefore costs will go up, and therefore either current state employees or taxpayers are going to have make up the difference, the same thing applies when you allow for adverse selection of municipalities.

So if we're going to say that some towns and cities can choose to join the pool and others can't when you know -- when you know that the towns will join will be towns which have higher costs than the state, not towns with lower costs, thereby raising the entire costs, it's inconsistent to oppose this amendment. If it is just about buying power, well then let everybody in. But it's not, and Senator Crisco conceded earlier in questioning it's not about buying power. It's about claims.

So why wouldn't you let an uninsured veteran buy into the state health care? If we're going to

take our time and we're going to slowly let people go into the pooling, then I would think the public policy would be okay we're going to do this slowly. We can't get everybody in the pool all at once so let's focus on those most vulnerable. Well, I'm going to raise my hand as someone who believes that our veterans who are uninsured fall under that category of most vulnerable. I would also say that the number uninsured veterans we have in the state is probably significantly lower than the number of municipal employees we have and the number of nonprofit employees we have so the impact they're going have on the 50,000-plus, 100,000-plus whatever it is pool we're creating is going to minimal.

So why wouldn't we do this? Why wouldn't we do this? We're going to let towns and cities choose to enter the state pool. The towns and cities that will choose to do so are those towns and cities for whom insurance is more expensive. They will be getting a better deal. That's good for them. We're not willing to give uninsured veterans the same deal. That doesn't make a lot of sense. This is a good amendment and I urge

adoption.

THE CHAIR:

Senator Crisco for the third time.

Is there any objection?

SENATOR CRISCO:

Thank you, Mr. --

THE CHAIR:

Seeing no objection, please proceed, sir.

SENATOR CRISCO:

Mr. President, a great respect for the Republican leader, I believe that my statement was not correctly expressed. I did not say that the veterans -- uninsured veterans were an adverse group. I stated that the plan as developed encompass two groups, the nonstate employee and then the nonprofit employees. And if the plan is going to be expanded beyond that, it may include insured veterans.

And let me state, as I stated before, as a member of a family who lost a parent during the second world war, we have the greatest admiration and respect for veterans and in no way should my remarks be taken as derogatory to veterans or classify them as adverse selection. Thank you, Mr.

President.

THE CHAIR:

Senator McKinney.

SENATOR McKINNEY:

Thank you for the second time.

Senator Crisco, let me be the first to say, I did not take your remarks in any way, shape or form to be derogatory to veterans. And I will be one of the many who would stand up in this circle to say that you care deeply about our veterans and have voted consistently for our veterans. This is not one of those votes, however. You've said this group is -- this pool is limited to two groups. Who made that decision? We did. The argument that well it's two groups, we can't allow a third group. That's our decision. This is our decision as to who we're going to allow into the pool. I mean it's just ridiculous to say we can't allow a third group in because the pool only allows two. We're the ones who are letting them in.

This is a very easy question. Do you want veterans who don't have insurance to be able to buy into the state employee's health care pool? Yes or no. I say yes.

THE CHAIR:

Senator Roraback.

SENATOR RORABACK:

Thank you, Mr. President.

And through you, if I may, a question to Senator Crisco.

THE CHAIR:

Please proceed, sir.

SENATOR RORABACK:

Thank you, Mr. President.

Through you to Senator Crisco, I'm not -- it wasn't clear to me whether Senator Crisco suggested that inclusion of those who have served our country in this program was a bad idea because it would cost more money. Through you, Mr. President, to Senator Crisco, was that what he was suggesting?

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Mr. President, unequivocably, no.

THE CHAIR:

Senator Roraback.

SENATOR RORABACK:

Thank you, Mr. President.

So through you, Mr. President, to Senator Crisco, why then would it be a bad idea to include veterans if it's not because it would cost more money? Through you, Mr. President, to Senator Crisco.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Mr. President, I never stated it would be a bad idea. I said based on the development of the plan by those who were involved two groups were selected to start with. That's not to say they can't be expanded. And let me also state, Mr. President, an honorably discharged veteran, I believe, has adequate coverage under the VA so I'm not sure what the intention of this amendment is for, whether it's for political purpose or substance.

THE CHAIR:

Senator Roraback.

SENATOR RORABACK:

Thank you, Mr. President.

And I guess what I'm trying to elicit is whether Senator Crisco thinks this is a good idea

or a bad idea. And through you, Mr. President, if Senator Crisco is urging rejection of the amendment than I take that he thinks this is a bad idea. And all I was trying to bring out for the edification of the members of the circle is why Senator Crisco, I believe, is urging us to reject this amendment. Through you, Mr. President, to Senator Crisco.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Mr. President, through you to the Senator, because basically the plan called for the two groups that are listed in the -- in the legislation.

THE CHAIR:

Senator Roraback.

SENATOR RORABACK:

Thank you, Mr. President.

And I understand what the plan calls for. I think this amendment would change the plan clearly to include another group. A group that in my opinion is a group that we ought to be willing to pay something more to include. Mr. President, if there's any group to whom we owe a debt which we

should gladly pay, it's those individuals who have sent -- served our nation in uniform. I urge adoption of the amendment and thank the chamber for its indulgence. Thank you, Mr. President.

THE CHAIR:

Thank you, Senator.

Once again, let me just remind the Chamber, Mason's Section 124 Number 3 about making sure that we don't question the motives of other Senators while we're debating legislation.

Senator Kane.

SENATOR KANE:

Thank you, Mr. President.

I, too, rise in favor of this amendment. We should include veterans in this health care package. If we're looking to save money, if we're looking to include larger groups then we should include this group as well. You know, this Legislature, I think, this year alone passed a bill or is looking to pass a bill that would give veterans the ability to put it on their drivers license that they were in veterans. In past years, we've allows veterans to put on their license plate "veteran." So although those things are very nice

and make us feel good in our communities when we -- when we show up at parades, this is real change that can help real veterans at a time when they may be struggling and can use some savings on health insurance.

So let's do something real for these individuals rather than symbolic and help them out. Thank you. Through you, Mr. President.

THE CHAIR:

Thank you, Senator.

Will you remark further on the amendment? Will you remark further on the amendment?

If not, Mr. Clerk, please announce the roll call vote. The machine will be open.

THE CLERK:

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

THE CHAIR:

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

THE CLERK:

Mr. President, the motion is on the adoption of LCO Number 8469.

Total number voting	36
Necessary for Adoption	19
Those voting Yea	14
Those voting Nay	22
Those absent and not voting	0

THE CHAIR:

The amendment fails.

Will you remark on the bill?

Senator Kelly.

SENATOR KELLY:

The Clerk has an amendment, LCO Number 8460. Will the Clerk please call the amendment?

THE CHAIR:

Mr. Clerk.

THE CLERK:

Mr. President, the Clerk is in possession of LCO Number 8460, which shall be designated Schedule "B." This amendment is introduced by Senator Kelly. Copies have been made available.

THE CHAIR:

Senator Kelly.

SENATOR KELLY:

Mr. President, I move adoption by roll call and seek leave to summarize.

THE CHAIR:

On adoption, will you remark?

SENATOR KELLY:

Yes, Mr. President, this amendment amends a section of the bill which presently requires that any nonstate employer or nonprofit employer, that if they submit an application to the comptroller, the comptroller must accept the application if it requires coverage for all their employees. If they happen to only submit an application for a portion of their employees, that's when the comptroller can undertake an actuarial review and possibly deny coverage.

This amendment would give the comptroller that authority under all applications in order to protect the partnership plan. I believe it's going to make the bill better, and therefore, move its adoption.

THE CHAIR:

Thank you, Senator.

A roll call vote will be ordered.

Senator Crisco.

SENATOR CRISCO:

Thank you, Mr. President.

I greatly appreciate the interests of the good Senator from Shelton; however, I want to point out that there are several protections already in the bill to guard against risk watching by an employer entering the pool. There is an actuarial reviewal for partial groups. There is established standards to minimize risk. There is a fluctuating reserve. We allow community rating. There's a separate account and it spread across 200,000-plus membership pools so the amendment is really unnecessary. Thank you, Madam President -- Mr. President, I'm sorry.

THE CHAIR:

Thank you, Senator.

Senator Kelly.

SENATOR KELLY:

Thank you, Mr. President.

Just in response, just reading from the act, it states that if a nonstate public employer or a nonprofit employer submits an application for coverage for all its respective employees, the

comptroller shall accept such application upon the terms and conditions applicable to the partnership plan. What that means is that if there are employees in that plan that could increase the risk in claims they must be accepted. The comptroller has no discretion. It only has discretion if those employers submit an application for a partial amount of employees not their entire employment base. And that's when the comptroller has the discretion with an actuary report to determine whether or not there's an adverse impact on the partnership plan. What I want to do with this amendment is to give the comptroller the authority for all applications to review them to protect the plan against adverse selection. Thank you, Mr. President.

THE CHAIR:

Thank you, Senator.

Senator Boucher.

SENATOR BOUCHER:

Thank you, Mr. President.

Mr. President, a question through you to the proponent of this amendment, please.

THE CHAIR:

Please proceed, madam.

SENATOR BOUCHER:

Yes, Mr. President, I would like to ask the proponent why he believes that this is important to this particular bill in the sense of is it a financial consideration either to the plan or to the taxpayers that would be actually paying for this particular proposal. Through you, Mr. President.

THE CHAIR:

Senator Kelly.

SENATOR KELLY:

Thank you, Mr. President.

As we've heard, this purported savings is based upon bulk rate individuals participating in the plan, but we've also that the costs are associated not to the number of participants in the plan, but to the risk, the claims that are made by the participants. And what we want to ensure against is adverse selection where only the -- those individuals who that have the highest costs participate and order to get a full pool, you want more individuals. What this will do is allow and afford the comptroller the necessary discretion in

order to review upon applications to protect the plan from adverse selection.

THE CHAIR:

Senator Boucher.

SENATOR BOUCHER:

Thank you, Mr. President.

I appreciate the answer. I understand the concern previously when other proposals like this were brought before us and it did not involve state that self-insured, it was prior to the state embarking on self-insurance. There was some strong testimony on the part of the insurance carrier for our state health care plan that if we were to proceed in that direction that more than likely they would have to rebid the contract because it would definitely effect the cost of the plans so I do appreciate the amendment and I do support it. Thank you. Through you.

THE CHAIR:

Thank you, Senator.

Will you remark further on the amendment?

Senator Suzio.

SENATOR SUZIO:

Thank you, Mr. President.

I just want to say I rise in support of the amendment and I believe it's really important that we do pass this amendment tonight, because again, the participation of the state employees eventually in this thing through SEBAC is really critical and I know a number of state employees that are concerned about how getting this arrangement might adversely affect them. So this amendment will protect the state employees against any adverse claims that might potentially come from these new groups that will be joining that have bad and adverse experience. So I think Senator Kelly's proposal is extremely important to eventually getting this thing operating because without the approval of the state employees this plan will never happen. And giving them the assurance that they're protected, that they're plan and their benefits are protected and not exposed in that risk to other plans that have significantly different adverse experience is really, really important, I think, to getting their consent.

So without this kind of amendment passing, if I were a state employee, I would definitely give seconds to this. Thank you very much.

THE CHAIR:

Thank you, Senator.

Senator Welch.

SENATOR WELCH:

Thank you, Mr. President.

I, too, rise in support of his amendment. We heard Senator Witkos in a different debate say that information is the currency of democracy attributing that quote to Thomas Jefferson, I think we're not 100 percent sure that Thomas Jefferson said. We do know Ralph Nadar did. And to me, that quote is appropriate here. We want to make sure that we make decisions based on good information especially when it comes to pricing health care, especially when it comes to pooling and I think the amendment before us will ensure by the fact that we give these applications to actuaries that we are working off of good information. So with that, I rise in support of this amendment. Thank you, Mr. President.

THE CHAIR:

Thank you, Senator.

Will you remark further on the amendment?

Will you remark further on the amendment?

If not, Mr. Clerk, please announce the -- the machine will be open. Announce the pendency of a roll call vote and the machine will be open.

THE CLERK:

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

THE CHAIR:

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

THE CLERK:

Mr. President, the motion is on the adoption of LCO Number 8460.

Total number voting	36
Necessary for Adoption	19
Those voting Yea	14
Those voting Nay	20
Those absent and not voting	2

THE CHAIR:

The amendment fails.

Will you remark further on the bill?

Senator Frantz.

SENATOR FRANTZ:

Thank you, Mr. President.

Back to the underlying bill, through you, some questions to Senator Crisco.

THE CHAIR:

Please proceed, sir.

SENATOR FRANTZ:

Thank you. Through you, Mr. President. Is it true, Senator Crisco, that the state is currently self-funded and self-insured?

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Mr. President, through you to the Senator, yes.

SENATOR FRANTZ:

Thank you, and through you, Mr. President, the bill calls for -- the bill calls for the premiums to be set in such a way -- that the reserve premium be set in such a way that we are supposed to have two months worth of claims covered in that reserve balance. Is that true?

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Mr. President, through you, I believe it is.

THE CHAIR:

Senator Frantz.

SENATOR FRANTZ:

Thank you, and through you, Mr. President, can Senator Crisco enlighten us to what the private sector practice is in terms of the required reserve amounts for their insurance plans.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Mr. President, through you, I cannot address that issue. I don't have the information, but basically if Senator Frantz is concerned about the amounts, remember that these application fees start before the actual coverage.

THE CHAIR:

Senator Frantz.

SENATOR FRANTZ:

Thank you, and through you, Mr. President, I am concerned. That addresses part of the concern, but the greatest concern I have, through you, Mr.

President, to Senator Crisco, that the taxpayers of Connecticut may be on the hook here and I'm trying to get at is -- and you've made it clear that you don't have the answer in terms of private sector standards that are used to establish insurance requirements. Would you venture to say that the requirements are longer than two months or less than two months for a private insurance company?

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Mr. President, through you to the Senator, a combination.

THE CHAIR:

Senator Frantz.

SENATOR FRANTZ:

I didn't hear the answer. Sorry.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Mr. President, through you to the Senator, it's a combination.

THE CHAIR:

Senator Frantz.

SENATOR FRANTZ:

One more time.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Mr. President, through you to the Senator, it's a combination of the two I believe.

THE CHAIR:

Senator Frantz.

SENATOR FRANTZ:

It's a combination? I'm not sure I understand the answer to the question.

THE CHAIR:

Okay. One more time. Senator Crisco.

SENATOR CRISCO:

Mr. President, through you, it could be a collation of the two critereas, some place in the middle.

THE CHAIR:

Senator Frantz.

SENATOR FRANTZ:

Okay. Thank you. The concern I have is that if we are operating two months worth of reserves going forward if this all passed and I know that's

a moving average and it will increase over the course of time or maybe it will actually diminish over the course of time, but what do we do, Senator, through you, Mr. President, if we get into another epidemic like SARS or something worse than SARS. How is this all taken care of if this pool grows to a large significant number of employees?

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Mr. President, through to the good Senator, I think that's an unknown at the present time and I greatly respect his concern and his protection of the people of Connecticut with the individuals involved and the planning that the appropriate action would be taken so there will be no risk.

THE CHAIR:

Senator Frantz.

SENATOR FRANTZ:

Thank you.

Through you, Mr. President, appropriate action meaning what, Senator Crisco? Through you, Mr. President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Mr. President, I apologize. It wasn't clear what the question was from the good Senator.

THE CHAIR:

Senator Frantz.

SENATOR FRANTZ:

Thank you.

Through you, Mr. President, the question is: If we face as a state or as a nation another health crisis such as SARS or something worse than SARS -- and we had a big discussion about this. Senator Kissel had an incredible story about what happened in Philadelphia many years ago and that would have been an unmanageable situation today for even the private sector health care insurers to deal with. Now, we're talking about a publicly funded one by the taxpayer. If we get into another health care crisis like that, is it indeed not the taxpayers who are on the hook to fully fund the claims going forward that could be in the hundreds of millions, if not, billions of dollars.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Mr. President, through you to the Senator, I believe that there are adequate language in the bill where if there's any warning signs, the controller can take appropriate action so we don't experience that situation.

THE CHAIR:

Senator Frantz.

SENATOR FRANTZ:

So the -- through you, Mr. President, the comptroller would put an end to the condition that's effecting people or what would the comptroller do?

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Mr. President, hypothetically speaking, through you to the good Senator, it's possible he could stop enrollment in the plan.

THE CHAIR:

Senator Frantz.

SENATOR FRANTZ:

Through you, Mr. President, the comptroller -- just to get this straight -- the comptroller could

stop enrollment the plan but a commitment and a contract has been signed with each of the beneficiaries of this plan at that point and -- and I believe it's a contract that would be very difficult to abrogate.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Mr. President, I appreciate that from the Senator, but basically not every nonprofit employee or nonstate employee is going draw -- you know, apply for the plan today. It's just like similar to our pension plan. We have actuarial basis at certain times for our pension plan where you don't need to fund all of the pension so I believe in my mind it's the same principle and there are enough safeguards in the bill and with the comptroller using his actuarial consultants I believe that that risk could be avoided.

THE CHAIR:

Senator Frantz.

SENATOR FRANTZ:

Thank you, Mr. President.

And just a quick commentary on that. We do

know the state of the pension and retirement fund and the health care fund here in the state of Connecticut so it's an interesting analogy to use being one of the worst underfunded in the country and this is exactly what I'm concerned about on behalf of the taxpayers and those who are actually going to end up in this system if, in fact, it's passed including the state workers. They should be looking at what some of the risks are and if we are indeed self-funded and we only have two months worth of -- of coverage in the reserves going forward and we do get into another one of these terrible health crisis, how exactly, you know, do we -- do we pay for this. And the answer, as far as I hear it, is that the taxpayers pick it up because the state doesn't have a reserve fund that's healthy enough to do so.

So that's my biggest concern. And through you, Mr. President, when the Senator is ready, I have a different area to question him on.

THE CHAIR:

Please proceed, sir.

SENATOR FRANTZ:

Thank you.

And Senator Crisco, through you, Mr. President, the information that comes out of the system is according to the language in the bill able to be used on an anonymous basis for health care recordkeeping for a variety of different purposes. My question to you, through you, Mr. President, does this -- does this conflict with an of the HIPAA regulations and standards that we know about?

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Mr. President, through you, as I recall reading the bill, no.

THE CHAIR:

Senator Frantz.

SENATOR FRANTZ:

One more time. I didn't hear the answer. Sorry.

SENATOR CRISCO:

Madam -- Mr. President, through you, as I read the legislation, the answer is no.

THE CHAIR:

Senator Frantz.

SENATOR FRANTZ:

That was a no?

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Possibly.

THE CHAIR:

Senator Frantz.

SENATOR FRANTZ:

Thank you, Mr. President. I appreciate that.

Okay. Next question for you, Senator Crisco, the whole idea here I believe of this bill is to make health care much more manageable and much more available to those who might not have had the ability to afford it before or get access to it in the first place. And we know that there's language in there about the cost containment committee and efforts to keep health care costs low and we understand that the larger the pool is the more bargaining power you have, but we also know that the inverse or the other side of that coin is that, in fact, that you may be actually incurring much greater cost than you would ordinarily by including unknown pools of employees from municipalities and

other entities. And I know there is the option to turn them away if there is an adverse effect on the overall, but my specific question is how can you -- how can you ask for there to be cost reductions in health care without competitive forces bringing about that change.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Yes, Mr. President. Mr. President, when I stated in my opening remarks that really by the mechanisms that are in this bill, we will be able to produce better outcomes for our plans. Remember the plans will promote initiatives to improve health and spend the state's health care dollars more wisely that there are different components of the bill that will enable, you know, us to experience perhaps cost savings and develop very good sound and actuarial practice.

SENATOR FRANTZ:

Thank you --

THE CHAIR:

Senator Frantz.

SENATOR FRANTZ:

And through you, Mr. President, the -- that makes good sense theoretically, hypothetically if you look at the language, but I don't believe in our system that you can really have unless you're dealing with a very, very heavy hand and a sledge hammer in the medical community as opposed to good old American Yankee competition to keeps those cost low. That's a statement. You don't have to respond to it. Thank you. Oh boy, we're going to get moving now. Okay.

Madam President, one final question through you.

President in the chair.

THE CHAIR:

Thank you, Senator.

SENATOR FRANTZ:

And thank you to the previous Mr. President. We appreciate your work. Final question to you, Senator, through you, Madam President, is the medical community bought into this awhile ago -- I don't remember the month or whatever, how long ago that was, but then I understand that they've taken

their support away. Can you explain that?

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Madam President, through you to the Senator, I'm not aware of the issue that the good Senator has mentioned.

THE CHAIR:

Senator Frantz.

SENATOR FRANTZ:

Thank you, Madam President.

So just to reiterate so that Senator Crisco understood the question and I'm going to repeat that's okay with you. Through you, Madam President, the medical community was, in fact onboard SustiNet and the language in this bill six, eight months, now they're not there.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Madam President, through you to the Senator, according to my knowledge, there is some medical support for the plan, the medical profession.

THE CHAIR:

Senator Frantz.

SENATOR FRANTZ:

Thank you very much. I am done. And thank you, Madam President.

THE CHAIR:

Thank you.

Senator Roraback.

SENATOR RORABACK:

Thank you, Madam President.

Through you to Senator Crisco.

THE CHAIR:

Please proceed, sir.

SENATOR RORABACK:

Thank you, Madam President.

Senator Crisco, would you agree that one of the goals of any health care reform bill ought to be reducing the costs of our medical system? 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 through you, Madam President, to Senator Crisco, would Senator Crisco agree that one of the things that drives up costs in our medical system is the practice by doctors what is commonly referred to as defensive medicine? Through you, Madam President, to Senator Crisco.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Madam President, through you to the Senator, as previous cochair of the malpractice task force several years ago, there were times when that alluded to, but you know, there has been difference of opinions in regards to whether you test more and spend more or do you test adequately in order to save dollars in the future. And I also supported the fact that we unfairly describe our actions as mandated -- everything we do here is mandates, but for some reason, we have stigmatized the insurance actions in this committee -- in this General Assembly as unfair so it is an argument that has

prevailed for, I believe, some time.

THE CHAIR:

Senator Roraback.

SENATOR RORABACK:

Thank you, Madam President.

And I thank Senator Crisco for his answer. Through you, Madam President, is there anything in this health care reform to Senator Crisco's knowledge that address the phenomenon of defensive medicine. Madam President, through you to Senator Crisco.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Madam President, through you to the Senator, I can't -- I'm not aware.

THE CHAIR:

Senator Roraback.

SENATOR RORABACK:

Thank you, Madam President.

I think it was maybe three years ago that the Universal Health Care Foundation produced their first report on SustiNet and it was an exciting time, Madam President, a time filled with hope and

optimism and promise, and for me, that first report signaled a very favorable change for public policy in the state of Connecticut, Madam President. Because that report when it was initially issued contained the provision that said to physicians and other health care providers in the state of Connecticut, if you follow the rules, if we -- if we convene a group of experts to tell you what you should reasonably do in a medical procedure or when a medical circumstance confronts you, and if like a pilot, you go through your checklist before you turn on the plane, if you do everything according to foil, you will be protected from the specter of costly, often -- not often, but sometimes frivolous lawsuits brought against physicians.

Madam President, I for one thought that the Universal Health Care Foundation was on to something and when that bill first had a public hearing in, I believe, the Public Health Committee, there was a lot of testimony as to why this provision made sense, but sadly, Madam President, when we first passed the SustiNet bill in 2009 the provision that had been worked on by some very smart people and identified as a way we could

reduce costs in our system was eliminated from that bill.

Madam President, the Clerk has an amendment, which is LCO 8493. If the Clerk could please call the amendment, and if I might be permitted to summarize.

THE CHAIR:

Mr. Clerk.

THE CLERK:

Madam President, the Clerk is in possession of LCO Number 8493, which shall be designated Senate Amendment Schedule "C." This amendment is introduced by Senator Roraback of the 30th District. Copies of which have been made available.

THE CHAIR:

Senator Roraback.

SENATOR RORABACK:

Thank you, Madam President.

I move adoption.

THE CHAIR:

Request is on adoption. Will you remark further, sir.

SENATOR RORABACK:

Thank you, Madam President.

Anyone think that I am possessed of rare ability to put to paper wise ideas let me disabuse them of that misconception. Madam President, what we have before us is the language lifted essentially from the first SustiNet plan, which would empower in this case the comptroller to establish a Health Care Provider Committee to develop recommended clinical care and safety guidelines for use by participating health care providers. Madam President, if we put doctors in a room and tell them to establish reasonable protocols for patient safety then, Madam President, we can tell providers to follow these protocols and you won't be subject to being sued for malpractice.

Madam President, the amendment goes one step further because it recognizes that there will be occasions when people follow all of the rules but we still get adverse outcomes. And Madam President, what the SustiNet -- what the Universal Health Care Foundation suggested and what this amendment embodies is that in those instances where someone gets a bad outcome even though the doctor follows all of the rules that there be a system of

no-fault compensation for those individuals. Madam President, this amendment would put an end to the lawsuit lottery. It would put an end to the extraordinarily wasteful practice of doctors ordering more tests than are necessary in order to protect themselves from the remote possibility of a lawsuit and it would start to restore some sanity to the practice of medicine.

Madam President, costs are rising to a degree that all of us know our constituents are at the brink. And in my opinion, no responsible measure intended to address the rising costs of health care and lack the provision dealing with the costs of malpractice. And Madam President, this amendment far from encouraging the bad practice of medicine. It will encourage good practice in medicine because doctors will know they have to follow these rules if they want these protections and if they don't, they're going to be hanging out there.

So Madam President, I hope members of the Circle will join me in taking a big step towards controlling the cost of the health care in our society. And remember every time we bring the health care down, we make the cost of health care

more accessible to people that are trying to procure it. So I urge support of the amendment and thank the Chamber for their indulgence. Thank you, Madam President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Madam President, I would like to request a roll call vote and yield to Senator Gerratana.

THE CHAIR:

There will be a roll call vote.

And Senator Gerratana, will you accept the yield.

SENATOR GERRATANA:

Yes, Madam President. Thank you so much.

I want to -- oh, here it is -- I wanted to comment on the amendment that Senator Roraback has brought before us. I want to speak against this amendment and this is why: Because in the underlying bill, we have language that says, "The SustiNet Health Care Cabinet shall advise the Governor and the Office of Health Reform and Innovation regarding the developing of an integrated health care system for Connecticut."

And then it lays out in the legislation, in that section what the SustiNet cabinet will be doing.

We will be addressing -- in fact, it is delineated further on in the legislation, just talks about service delivery, health care provider payments. We are very sensitive in the underlying bill as to how health care will be delivered in the state. An integrated system includes many of the topics that have already been discussed by way of amendment here in this chamber. We will study, we will look at, we will see what best plans can be integrated. At this time, I don't think we have to allocate another duty to the comptroller so I respectfully ask the Chamber reject this current amendment. Through you, Madam President.

THE CHAIR:

Thank you.

Will you remark further?

Senator Roraback.

SENATOR RORABACK:

For a second time, Madam President, and I appreciate Senator Gerratana's recognition that this issue merits our study, but Madam President, the reality is this issue has already been the

beneficiary of a lot of study by a lot of smart people in the Universal Health Care Foundation. Their study came up with a concrete recommendation for action, not study, action. And it doesn't take -- it doesn't take a lot of imagination to get your brain around what they recommended. They said convene doctors, ask the doctors to develop protocols, tell providers if you observe the protocols you'll be safe from malpractice and if there is bad outcomes, we'll have a no-fault pool to deal with that.

Madam President, we are experts at studying. We have studied this issue until we're blue in the face. We have a blue print for action. I think the people of Connecticut will much be better served with a call to action than a call to study so I urge support of the amendment. Thank you, Madam President.

THE CHAIR:

Will you -- will you remark further?

Senator Welch.

SENATOR WELCH:

Thank you, Madam President.

If I may, through you, a question to the

proponent of the amendment.

THE CHAIR:

Please proceed, sir.

Senator Roraback, you better prepare yourself, sir.

SENATOR WELCH:

Thank you, Madam President. At least we don't share a mic.

SENATOR RORABACK:

When Senator Williams and I go back and forth, we share a mic. Thank you.

THE CHAIR:

That's true.

SENATOR WELCH:

Through you, Madam President, does this amendment impact only the plans mentioned in the underlying bill or will this amendment impact all health care in the state of Connecticut? Through you, Madam President.

THE CHAIR:

Senator Roraback.

SENATOR RORABACK:

Thank you, Madam President.

I appreciate the Senator's question. And the

amendment, as drafted, would only apply to health care providers that were participating through the plan that is developed by the comptroller. Through you, Madam President, to Senator Welch.

THE CHAIR:

Senator Welch.

SENATOR WELCH:

Thank you, Madam President.

Though I think that is a good idea. I wish that it were more broad because when I look at the problems of costs in health care, there are a number of ways to tackle them and one of the ways which we don't work hard enough at tackling those costs is reducing the costs through some of the things that Senator Roraback mentioned such as getting rid of defensive medicine or reducing the potential of defensive medicine and then also reducing the cost of malpractice insurance. I mean, you know, that is a cost of providing health care that really doesn't help provide health care. There are so many ways we could be spending our money and resources than -- than in that area.

So with that, I rise to support this amendment. Thank you, Madam President.

THE CHAIR:

Thank you.

Will you remark further? Will you remark further?

If not, Mr. Clerk, will you call for a roll call vote and the machine will be open.

THE CLERK:

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

THE CHAIR:

Have all members voted? Have all members voted? The machine will be locked.

And Mr. Clerk, will you call the tally, please.

THE CLERK:

The motion is on the adoption of Senate Amendment Schedule "C."

Total number voting	36
Necessary for Adoption	19
Those voting Yea	14
Those voting Nay	22

Those absent and not voting 0

THE CHAIR:

Amendment "C" fails.

Will you remark further? Will you remark further?

Senator Kelly.

SENATOR KELLY:

Thank you, Madam President.

I have an amendment, Mr. President -- the Clerk has an amendment.

THE CHAIR:

Oh, thank you.

SENATOR KELLY:

Madam President, sorry.

THE CHAIR:

It's okay.

SENATOR KELLY:

The Clerk has an amendment, LCO Number 8457. Will the Clerk please call the amendment.

THE CHAIR:

Mr. Clerk.

THE CLERK:

LCO 8457, which will be designated Senate Amendment Schedule "D." Offered by Senator Kelly

of the 21st District.

THE CHAIR:

Senator Kelly.

SENATOR KELLY:

Thank you, Madam President.

I move adoption by roll call and seek leave to summarize.

THE CHAIR:

The motion is adoption and there will be a roll call vote. Will you remark further, sir?

SENATOR KELLY:

Yes. Senator Frantz had made indication with regards to SARS that there could be the potential for a situation where costs in the plan could exceed benefit and this amendment would seek to limit that and it would do so by requiring and actuarial report and if 5 percent or greater rate increase occurred, the comptroller no longer would accept new applications and would also not renew any coverage for current participants. This is one way to protect once again the plan in the event that we have costs exceeding the coverage and the amount that the taxpayers could afford.

I think, once again, this is a good amendment

and I would urge its adoption.

THE CHAIR:

Thank you, Senator.

Will you remark? Will you remark?

Senator Crisco.

SENATOR CRISCO:

Thank you, Madam President.

I greatly appreciate the amendment submitted by Senator Kelly; however, it's not necessary. There are several safeguards built into the bill to ensure that the plan is solvent. First, there is a fluctuating reserve that's equal to two months. There is a community rating of plans. The comptroller could regulate standards to minimize risk. There's an actual review of partial groups and the office of the comptroller already works closely with the actuarial to make sure that solvency is the number one issue.

THE CHAIR:

Will you remark further? Will you remark further?

If not, Mr. Clerk, will you call for a roll call vote and the machine will be open.

THE CLERK:

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

THE CHAIR:

Senator LeBeau, would you like to vote since you're in the chamber. I think so.

Have all members voted? Have all members voted? The machine will be closed.

Mr. Clerk, will you call the tally, please.

THE CLERK:

Motion is on adoption of Senate Amendment Schedule "D."

Total number voting	36
Necessary for Adoption	19
Those voting Yea	14
Those voting Nay	22
Those absent and not voting	0

THE CHAIR:

Amendment "D" fails.

Will you remark further?

Senator Kelly.

SENATOR KELLY:

Thank you, Madam President.

The Clerk has an amendment, LCO Number 8452. Will the Clerk please call the amendment?

THE CHAIR:

Mr. Clerk.

THE CLERK:

LCO 8452, which will be designated Senate Amendment Schedule "E." It is offered by Senator Kelly of the 21st District.

THE CHAIR:

Senator Kelly.

SENATOR KELLY:

Thank you, Madam President.

I move adoption by roll call and seek leave to summarize.

THE CHAIR:

There will be a roll call vote and motion is on adoption. Please proceed.

SENATOR KELLY:

Thank you, Madam President.

The amendment before you, in summary, basically exempts our local municipalities from the insurance premium tax. Adoption of this amendment would give relief of about 7 to 8 million dollars

to our local cities and towns at a time when they could really use it. I believe this is good and would urge its adoption. Thank you.

THE CHAIR:

Will you remark further? Will someone remark further?

Well, nobody is going to remark further.

Then at this point, Mr. Clerk, would you call for a roll call vote, and the machine will be open.

THE CLERK:

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

THE CHAIR:

Senator McLachlan, would you like vote, please. Thank you, sir.

Have all members voted? If all members voted, the machine will be locked.

And Mr. Clerk.

THE CLERK:

Motion is on adoption of Senate Amendment Schedule "E."

Total number voting	36
Necessary for Adoption	19
Those voting Yea	14
Those voting Nay	22
Those absent and not voting	0

THE CHAIR:

Amendment "E" fails.

Will you remark further?

Hi, Senator Kelly. Senator Kelly, please.

SENATOR KELLY:

Thank you, Madam President.

The Clerk has an amendment, LCO Number 8484. Will the Clerk please call the amendment.

THE CHAIR:

Mr. Clerk.

THE CLERK:

LCO 8484, which will be designated Senate Amendment Schedule "F." Offered by Senator Kelly of the 21st District.

THE CHAIR:

Senator Kelly.

SENATOR KELLY:

Thank you, Madam President.

I move adoption by roll call and seek leave to

summarize.

THE CHAIR:

The question is adoption and there will be a roll call. Will you remark further?

SENATOR KELLY:

Yes, thank you.

Under this bill, Section 9 requires municipalities to submit to the comptroller certain claims information and premium costs. Once again, placing on our local towns and cities and unfunded state mandate requiring them costs to help implement this bill. The amendment before you, which strikes Section 9 and remove that unfunded state mandate that's being imposed on our local towns and cities by the passage of this bill. I believe that our cities and towns deserve that relief and believe that this is a beautiful way to accomplish that and would urge its adoption.

THE CHAIR:

Thank you, Senator.

Will you remark?

Senator Crisco.

SENATOR CRISCO:

Thank you, Madam President.

Madam President, I greatly appreciate, once again, Senator Kelly's effort; however, you know, sometimes the medication may kill the patient. The reason we need the information is so the state can get a better grasp of what is going on in our municipalities and help them better control their cost so I believe that this amendment would do the opposite and I urge its rejection. Thank you, Madam President.

THE CHAIR:

Will you remark further? Will you remark further? If not, Mr. Clerk, will you call for a roll call vote and the machine will be open.

THE CLERK:

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

THE CHAIR:

Have all members voted? Have all members voted? If so, the machine will be closed.

Mr. Clerk, will you call the tally, please.

THE CLERK:

Motion is adoption of Senate Amendment Schedule "F" LCO 8484.

Total number voting	36
Necessary for Adoption	19
Those voting Yea	15
Those voting Nay	21
Those absent and not voting	0

THE CHAIR:

Amendment "F" has failed.

Will you remark further?

Senator Kelly.

SENATOR KELLY:

Thank you, Madam President. I think I'm on a roll.

THE CHAIR:

Yeah.

SENATOR KELLY:

We've got a --

THE CHAIR:

I don't know what kind of roll, but go right ahead, sir.

SENATOR KELLY:

The Clerk has an amendment, LCO Number 8453. Will the Clerk please call the roll -- or call the

amendment.

THE CHAIR:

Mr. Clerk, will you call the amendment, please.

THE CLERK:

LCO 8453, which will be designated Senate Amendment Schedule "G." It's offered by Senator Kelly of the 21st District.

THE CHAIR:

Senator Kelly.

SENATOR KELLY:

Madam President, I move adoption by roll call and seek leave to summarize.

THE CHAIR:

There will be a roll call. The motion is on adoption.

Please proceed, sir.

SENATOR KELLY:

Thank you, Madam President.

The amendment before us will require the self-insured group health plan to comply with statutory reserve, net worth and financial reporting requirements related to the sale of commercial insurance products. What this amendment

There is no testimony for page 5823. The next page is 5824.

will do is it will make sure that the plan has the proper reserves and is financially strong in order to provide the insurance that it claims it will. This is what we require for commercial insurance products. I think we should also do the same for this and I would urge its adoption.

THE CHAIR:

Will you remark further? Will you remark further?

Senator Crisco.

SENATOR CRISCO:

Thank you so much, Madam President.

Once again, I appreciate Senator Kelly's efforts; however, this is a public plans and public plans are exempt from 30aa. This is not necessary due to protections in this bill and the cost will be born by employees and employers not the state. Thank you, Madam President.

THE CHAIR:

Thank you.

Will you remark further? Will you remark further?

If not, Mr. Clerk, will you call for a roll call vote and the machine will be open.

THE CLERK:

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

THE CHAIR:

Have all members voted? Have all members voted? The machine will be closed.

Mr. Clerk, will you say the tally.

THE CLERK:

Motion is on adoption of Senate Amendment Schedule "G" LCO 8453.

Total number voting	36
Necessary for Adoption	19
Those voting Yea	14
Those voting Nay	21
Those absent and not voting	1

THE CHAIR:

Amendment "G" fails.

Senator Kelly.

SENATOR KELLY:

Thank you, Madam President.

The Clerk has an amendment, LCO 8486. Will

the Clerk please call the amendment.

THE CHAIR:

Mr. Clerk.

THE CLERK:

LCO 8486, which will be designated Senate Amendment Schedule "H" is offered by Senator Kelly of 21st District.

THE CHAIR:

Senator Kelly.

SENATOR KELLY:

Thank you, Madam President.

I move adoption by roll call and seek leave to summarize.

THE CHAIR:

There will be a roll call vote and your request is on adoption. Will you remark further, sir.

SENATOR KELLY:

Yes, Madam President. The amendment before us strikes the SustiNet Health Care Cabinet from the bill. I think it's just a straightforward amendment. I think it's surplus and would move its adoption.

THE CHAIR:

The question is on adoption. Will you remark further? Will you remark further? Will you remark further.

If not -- oh, sorry.

Senator Gerratana.

SENATOR GERRATANA:

Thank you, Madam President.

The amendment before us I'd like to speak in opposition to it. Of course it eliminates the SustiNet Cabinet. The SustiNet Cabinet is going to be advising the Governor as well as the Office of Health Reform and Innovation -- excuse me -- and I believe not only is it necessary, it's integral to enacting the health care advances that we want our state so I urge the chamber to vote no. Thank you, Madam President.

THE CHAIR:

Thank you.

Will you remark further?

Senator Kelly.

SENATOR KELLY:

Thank you, Madam President.

This SustiNet Health Care Cabinet appears to me from the bill to be a study group that works in

conjunction with other creations that we are establishing in our health care reform. We have the SustiNet Health Care Cabinet. We have the Office of Health Reform and Innovation. We have the Connecticut Insurance Exchange. We even have the Health Care Cost Containment Committee. We have a special advisor to the Governor. We're creating a lot of bureaucracy to do things that I wonder if they're not already being done.

One of the things is to look at the -- the products that are being offered and that's what I thought the exchange was going to do for the general population, but it appears that SustiNet is going to do the same comparison for recommendations to other committees. And then I have a concern, too, with whom comprises the cabinet. And when we look at who gets appointed, we see that we have two representatives from the health care industry, one from the community health center, one from insurance producers, one -- an oral health specialist, one from labor, one advanced practice registered nurse, one primary care physician, one health information technology industry, one from faith communities, one from small business, one

from the home health care industry, one from hospitals, and then we one consumer advocate and one at large appointment.

Now, since coming to Hartford, I've looked at a lot of these different task forces and what I see missing in many of them is the people that these policies and programs impact. We have 15 appointments all dealing with predominately and to a large extent, the health care industry, but it's not just about the health care, the hospitals, the doctors, the nurses. It's also about the patients, and with a 13 to 2 ratio, I'm not sure we have the ratio correct because the health care isn't just about the providers, it's also about the patients. And I see this other areas. I saw it when we look at home care for the elderly. The same thing happens. We protect the program, but we don't protect the people that participate in those programs as evidenced by the copayment on Connecticut home care and the restrictions on category one participants.

So when I look at something like SustiNet, I see it too dominated by the health care industry and not dominated enough by the people it's going

to serve and I think until we get that mix right that we should step back from going forward. This bill would strike the SustiNet from the underlying legislation, which I think at this time would be appropriate. Thank you.

THE CHAIR:

Thank you.

Will you remark further? Will you remark further?

If not, Mr. Clerk, will you please call the roll call and the machine will be open.

THE CLERK:

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

THE CHAIR:

Have all members voted? Have all members voted? If so, the machine will be locked.

And Mr. Clerk, will you please call the tally.

THE CLERK:

Motion is on adoption of Senate Amendment Schedule "H" LCO 8686.

Total number voting	36
Necessary for Adoption	19
Those voting Yea	14
Those voting Nay	22
Those absent and not voting	0

THE CHAIR:

Amendment "H" fails.

Will you remark further?

Good evening, Senator Kelly.

SENATOR KELLY:

Thank you, Madam President.

The Clerk has an amendment, LCO Number 8470. Will the Clerk --

THE CHAIR:

Mr. Clerk.

SENATOR KELLY:

-- please call the amendment.

THE CHAIR:

Mr. Clerk.

THE CLERK:

LCO 8470, which will be designated Senate Amendment Schedule "I." It is offered by Senator Kelly of the 21st District.

THE CHAIR:

Senator Kelly.

SENATOR KELLY:

Madam President, I move adoption by roll call and seek leave to summarize.

THE CHAIR:

Senator Kelly, you'll have a roll call vote and the question is on adoption.

Will you remark further?

SENATOR KELLY:

Yes, I will. Thank you.

The amendment before you will require ERISA compliance prior to the comptroller establishing the partnership plan. I think in this way we would make sure that the integrity of the plan does comply with the federal rules, and therefore, I would urge adoption.

THE CHAIR:

Thank you.

Will you remark further?

Senator Crisco.

SENATOR CRISCO:

Thank you, Madam President.

I move rejection of this amendment. There is already a mechanism in the bill to allow the state

controller to call off enrollment if it violates ERISA.

THE CHAIR:

Will you remark further? Will you remark further?

If not, Mr. Clerk, will you please call a roll call vote and the machine will be open.

THE CLERK:

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

THE CHAIR:

Have all Senators voted? If all Senators have voted, the machine will be locked.

Mr. Clerk, will please call the -- yeah -- the tally. Thank you.

THE CLERK:

Motion is adoption of Senate Amendment Schedule "I" LCO 8470.

Total number voting	36
Necessary for Adoption	19
Those voting Yea	14

Those voting Nay 22

Those absent and not voting 0

THE CHAIR:

Amendment "I" fails.

Will you remark further?

Senator Kelly.

SENATOR KELLY:

Thank you, Madam President.

The Clerk has an amendment, LCO Number 8495. Will the Clerk please call the amendment?

THE CHAIR:

Mr. Clerk.

THE CLERK:

LCO 8495, which will be designated Senate Amendment Schedule "J." It is offered by Senator McKinney of the 28th District, et al.

THE CHAIR:

Senator Kelly.

SENATOR KELLY:

Thank you, Madam President.

I move adoption by roll call and seek leave to summarize.

THE CHAIR:

There will be a roll call vote and your

request for adoption -- question is adoption.

Please continue, sir.

SENATOR KELLY:

The bill before us is fairly straightforward. It will delete the authority to offer a fully-insured plan, which as I understand it is the public option. And so this is straightforward. I think we've heard testimony to the effect that that's already been taken out of the plan, but this will ensure that and so I move its adoption.

THE CHAIR:

Thank you.

The question is adoption.

Will you remark further? Will you remark further?

Senator Crisco.

SENATOR CRISCO:

Madam President, thank you. I believe if -- if the good Senator would check all the language. I believe the bill already provides for what he trying to attempt, but I appreciate his dedication to making sure a good bill becomes better.

THE CHAIR:

Question is adoption.

Senator Boucher.

SENATOR BOUCHER:

Thank you very much, Madam President. And good evening.

I am very interested in this particular amendment and was quite concerned when the specter of a public option reared its head here in this debate with regards to this very large bill. And through you, I seem to be getting some mixed messages from both the proponent of the bill and the proponent of the amendment. So to the proponent of the amendment, through you, Madam President, could he more clearly clarify the aspects to this bill that propose a public option that allow the comptroller the ability to establish a full-insured plan to municipalities and certain nonprofits? Through you, Madam President.

THE CHAIR:

Senator Kelly.

SENATOR KELLY:

With regards to the public option, there was discussion that under this -- the legislation, as proposed, the public option wouldn't be a component. What we seek to do is amend the

legislation so that we would remove the capability of the comptroller to engage in that and create a public option by striking this language.

THE CHAIR:

Senator Boucher.

SENATOR BOUCHER:

Thank you, Madam President.

I appreciate that. So in fact, there is language in this bill that does create an opportunity for us to embark on the beginning of a public option is what I understand and why I probably would support this amendment. There is no question that the general public both in Connecticut and in the United States is very concerned about a public option to the point that it became a very longstanding national issue and debate and it was flatly reject, and in fact, when all the stars were aligned at the federal level, it was also rejected and did not move forward in the final bill. So it is something that I'm sure would be of great concern. It might actually cast a more negative light on what has been a very hard fought campaign to have a very good health care bill before us today.

So I think it would be wise for us to support this amendment so that the issue of a public option is not being discussed this year, a year when so many other controversial bills have been put before us and the public. We don't want to, as I said, weaken this particular bill and it should be made clear that right it's not -- a public option is not what is being sought here. I have to tell you the reason that I get up to speak on this is that 12 years ago or so our good new State Senator Terry Gerratana and I served together on the Human Services Committee and there was quite a lengthy discussion about universal health care for Connecticut.

It was also discussed and brought up for a vote in the Labor Committee that year, the same year, and we had quite an interesting back and forth debate comparing what a public option would look like in Connecticut, what universal health care would like in Connecticut, and so many similarities compared to the Canadian health care system and so many of them were negative and not positive. So there is much that has happened since then, of course, and particularly in our

neighboring state of Massachusetts that has also toyed with a way to create a public system of some kind or at least guaranteed health care for everyone at every income level.

This is a very complicated, controversial subject. It takes time to work it out properly. If we can't the federal government to agree on this, we certainly shouldn't be embarking on this in the state of Connecticut at this time when we have a better bill before us underneath this so I would strongly support a change of language. We don't want to give this particular bill a title that it is the beginning of a universal health care plan for the state of Connecticut. Thank you very much, Madam President.

THE CHAIR:

Thank you.

Will you remark further? Will you remark further?

If not, Mr. Clerk, will you please call for a roll call vote. The machine will be open.

THE CLERK:

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

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

THE CHAIR:

Have all members voted? Have all members voted? If so, the machine will be locked.

Mr. Clerk, will you call the tally, please.

THE CLERK:

Motion is on adoption of Senate Amendment Schedule "J" LCO 8495.

Total number voting	36
Necessary for Adoption	19
Those voting Yea	14
Those voting Nay	22
Those absent and not voting	0

THE CHAIR:

Amendment "J" has failed.

And I don't even have to look. Senator Kelly.

SENATOR KELLY:

Thank you, Madam President.

The Clerk has an amendment, LCO 8444. Will the Clerk please call the amendment.

THE CHAIR:

Mr. Clerk.

THE CLERK:

Madam President, the Clerk is not in possession of LCO 8484.

SENATOR KELLY:

Oh, my mistake.

THE CHAIR:

Sorry. Would you give us a different number, sir?

SENATOR KELLY:

Yes, 8462.

THE CHAIR:

8462.

Mr. Clerk.

THE CLERK:

LCO 8462, which will be designated Senate Amendment Schedule "K." Offered by Senator Kelly of the 21st District.

THE CHAIR:

Senator Kelly, for K, there you go.

SENATOR KELLY:

Thank you, Madam President.

THE CHAIR:

Thank you.

SENATOR KELLY:

I move adoption by roll call and seek leave to summarize.

THE CHAIR:

Question is on adoption. You will have a roll call. Please proceed, sir.

SENATOR KELLY:

Thank you, Madam President.

I'm sure everybody here was hoping that the Clerk did not find another amendment, but we do have Amendment "K," which is appropriate because this is my favorite one. Now, it's one I've visited before. It deals with the Medicare beneficiary cost savings program where we would allow individuals to have the ability -- because right now the state prohibits individuals who are dully eligible under Medicaid and Medicare to purchase a Medicare supplemental policy. This does not cost the taxpayers any money because it's privately financed by the participation. It increases health care access and it provides an extra layer of protection before somebody gets to Medicaid saving taxpayers' dollars.

It makes sense on a number of levels and the last time I spoke, if you'll recall, I quoted our

Governor who said -- who made the rule I'm going to say -- that a good idea is a good idea. Well, I'm going to offer the "Kelly Corollary" to that rule and that is that when you have the good idea, don't give up on the good idea. So I'm not giving up on the good idea. I'm going to ask once again for the circle to review this and if you like it like I do please vote to approve it. Thank you.

THE CHAIR:

Will you remark further?

Senator Gerratana.

SENATOR GERRATANA:

Thank you, Madam President.

Madam President, I rise in opposition to this amendment. You know, this is something that I spoke about before that the Office of Health Reform and Innovation and absolutely the SustiNet Board can look at and advise on. You know, this is a very complex issue. One that goes to matters of affordability and private purchasing products for this population so at this time I would have to ask the chamber to reject this amendment. Thank you.

THE CHAIR:

Will you remark further? Will you remark

further?

Mr. Clerk, will you -- call for a roll call vote and I will open the machine.

THE CLERK:

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

THE CHAIR:

Have all members voted? Have all members voted? If so, the machine will be closed.

And Mr. Clerk, will you give the tally.

THE CLERK:

Motion is on adoption of Senate Amendment Schedule "K" LCO 8462.

Total number voting	35
Necessary for Adoption	18
Those voting Yea	14
Those voting Nay	22
Those absent and not voting	1

THE CHAIR:

The amendment -- Amendment "K" fails.

Will you remark further? Will you remark

further?

Senator McLachlan.

SENATOR McLACHLAN:

Thank you, Madam President.

I stand for the purpose of an amendment, please.

THE CHAIR:

Please proceed, sir.

SENATOR McLACHLAN:

Thank you, Madam President.

The Clerk should have LCO 8501, if he would call the amendment.

THE CHAIR:

Mr. Clerk.

THE CLERK:

LCO 8501, which will be designated Senate Amendment Schedule "L." It is offered by Senator McLachlan of the 24th District, et al.

THE CHAIR:

Senator McLachlan.

SENATOR McLACHLAN:

Madam President, I seek leave of the chamber to summarize.

THE CHAIR:

Would you like adoption of the amendment, sir?

SENATOR McLACHLAN:

And adoption of the amendment by roll call, please.

THE CHAIR:

There will be a roll call vote. And the question is adoption, please proceed.

SENATOR McLACHLAN:

Thank you, Madam President.

This amendment addresses the issue that we have heard in our discussion this afternoon and evening about the potential impact of a fully-insured plan on state government and the taxpayers of Connecticut. The underlying bill allows the comptroller at his or her discretion to implement a fully-insured plan or a risk-pooled plan. This amendment is asking that should the comptroller decide to implement a fully-insured plan, that proposal should come back to the General Assembly for review, public hearing and final approval. That is a very dramatic step in insurance coverage. It's a dramatic step in potential cost to Connecticut taxpayers and I believe that because of that very important step,

that should require further review by this body.

Madam President, I urge adoption.

THE CHAIR:

Question is on adoption.

Will you remark further?

Senator Roraback.

SENATOR RORABACK:

Thank you, Madam President.

Through you, if I may, a couple of questions to the proponent of the amendment.

THE CHAIR:

Please proceed, sir.

SENATOR RORABACK:

Thank you, Madam President.

Through you to Senator McLachlan, for those who may be watching from the gallery or watching tonight on CT-N, could Senator McLachlan provide a plain English explanation of what a, quote, full-insured plan might be? Through you, Madam President, to Senator McLachlan.

THE CHAIR:

Senator McLachlan.

SENATOR McLACHLAN:

Thank you, Madam President.

Thank you for that question, Senator Roraback. Fully-insured is, I think, the more expensive of the plans and could be the universal health care proposal or a derivative of that as -- as has been discussed in many venues over the past couple of years here in Connecticut. I believe that it is a great potential for cost to the Connecticut taxpayers, far greater than even that of the risk-pooled, so therefore, it should be brought back -- a plan for that proposal should be brought back for a thorough vetting by the General Assembly. Through you, Madam President.

THE CHAIR:

Senator Roraback.

SENATOR RORABACK:

Thank you, Madam President.

And through you to Senator McLachlan, this fully-insured plan under the bill, would it be available to all Connecticut citizens, Madam President, through you to Senator McLachlan, if he knows.

THE CHAIR:

Senator McLachlan.

SENATOR McLACHLAN:

Well, the under -- through you, Madam President, thank you, Senator Roraback. The underlying bill is opening up the current programs available only to state employees to municipal governments and nonprofit agencies. That's changing the whole dynamic of the health care benefits that are provided by state government. It changes the dynamics in many ways, but it certainly changes the dynamics and what the ultimate cost to Connecticut taxpayers could potentially be. And -- so therefore, I think if we're looking to move in that direction, that really should have the oversight of the Connecticut General Assembly before that final decision is made. Through you, Madam President.

THE CHAIR:

Senator Roraback.

SENATOR RORABACK:

Thank you, Madam President.

What I'm trying to understand, through you to Senator McLachlan, is that even if there were a fully-insured option that were developed, through you, Madam President, to Senator McLachlan, my understanding is it's not an option that would be

available to all Connecticut citizens or to small businesses but rather it only be available to municipal employees and employees of that universe of nonprofits, which is covered under the bill. Through you, Madam President, to Senator McLachlan, does he have a similar reading of the -- of the bill? Through you, Madam President.

THE CHAIR:

Senator McLachlan.

SENATOR McLACHLAN:

Thank you, Madam President.

Thank you, Senator, for clarifying. You are correct. It is a very limited universe of people who will be allowed to enter the program based upon the language in the underlying bill. We're basically looking at municipal government and nonprofit agencies, certain nonprofit agencies within the state of Connecticut so the private sector, so to speak, small businesses and large do not -- and individuals will not qualify to participate in this underlying bill. Through you, Madam President.

THE CHAIR:

Senator Roraback.

SENATOR RORABACK:

Thank you, Madam President.

And I asked these questions because when I wake up tomorrow morning and go about my business and people say I see in the papers you passed a big bill for health care for Connecticut citizens, there may be a public option that maybe we'll finally have universal coverage, my understanding, Madam President, I'm going to say to them, well yes, if you work for your town government or if you work for a select few nonprofit agencies, you have much to celebrate. You may, in fact, have a public option.

But if you're a working stiff, there's not much in this bill that offers hope to you and to the extent that you've been left with a different impression, you may need to pay attention to the specifics of what's transpiring here tonight. Madam President, I stand in support of the amendment. I do think that if a public option for that very limited universe of people, most of them already have pretty decent health care coverage in my experience, but still if we're going to experiment in that way I don't think it should be

done without the oversight of the committees of cognizance in the General Assembly. So I think this amendment makes sense and I urge my colleagues to support it, and thank, Senator McLachlan, for bringing it out.

Thank you, Madam President.

THE CHAIR:

Will you remark further?

Senator Crisco.

SENATOR CRISCO:

Thank you, Madam President.

Madam President, I move for rejection of the amendment. Currently, changes that may impact the state employee plan must be approved by SEBAC. This bill is clear that the Health Care Cost Containment Commission and SEBAC must approve any changes to the collective bargaining plan. That is if the controller pursues one of several options. Remember the bill is permissive and if for some reason that is -- that path is selective, this is within the purview of SEBAC. Thank you, Madam President.

THE CHAIR:

Thank you.

Senator Boucher.

SENATOR BOUCHER:

Thank you, Madam President.

Madam President, a couple of questions to the proponent of the amendment. Through you, to understand this clearly, we're talking about two different programs here, the underlying bill that talks about a pooling and now a different plan, a public option plan for a select group of people under the controllers purview. Am I correct in that, through you, Madam President?

THE CHAIR:

Senator McLachlan.

SENATOR McLACHLAN:

Thank you, Madam President.

Through you to Senator Boucher, yes, you are correct, Senator.

THE CHAIR:

Senator Boucher.

SENATOR BOUCHER:

Thank you very much, Madam President.

And I believe that the concern that's being expressed by the proponent, if I'm correct, is that this separate option, this other plan, this -- this

small experimental public option plan is -- would be in this particular bill be open to a small select group of people, but through you, Madam President, would this also be an opportunity to expand it in the future and open it up to a wider range of individuals in Connecticut. Through you, Madam President.

THE CHAIR:

Senator McLachlan.

SENATOR McLACHLAN:

Thank you, Madam President.

Through you to Senator Boucher, I think that that might be an opinion of some that it -- that it could be a future expansion of the public option, although, the underlying bill does not speak to that option. This clearly brings to the forefront the point that I'm trying to make with this amendment is that when we're making such a dramatic change, it should be not by executive decision that the decision to make that change and offering this program should be a specific thorough vetting by the General Assembly and a vote of the General Assembly. Through you, Madam President.

THE CHAIR:

Senator Boucher.

SENATOR BOUCHER:

Thank you, Madam President.

Madam President, I rise to support the amendment because it appears to me -- please I would be -- would seek someone to confirm this, through you, Madam President, in fact we have two plans that we're entertaining here, a pooling plan and a public option universal plan and it is competing for the very same groups, both municipal employees and a select group of nonprofits, if I'm to understand this correctly. Through you, Madam President.

THE CHAIR:

Is that question to someone, Senator Boucher?

SENATOR BOUCHER:

I would -- since we have --

THE CHAIR:

The amendment on the floor.

Senator boo:

-- the amendment on the floor, let me pose that to the proponent of the amendment given that our chair of the -- of the committee is not in the chamber at the moment.

THE CHAIR:

Senator McLachlan.

SENATOR McLACHLAN:

Pardon me, Madam President, through you, could you -- could Senator Boucher please repeat the question.

THE CHAIR:

Senator Boucher.

SENATOR BOUCHER:

Thank you, Madam President.

Through you, I understand that this is -- these are two programs, both of them vying for the same populations or groups, municipal employees and a select group of nonprofits, on two different tracks; one, the opportunity to participate in a pooling plan that once engaged particularly by municipal that could rarely be undone by that municipality once engaged in it; and then this select smaller universal plan. So I -- the question is are they both targeting the same population group? Through you, Madam President.

THE CHAIR:

Senator McLachlan.

SENATOR McLACHLAN:

Thank you.

Through you, Madam President, to Senator Boucher, this option, as I understand it, as being proposed in the underlying bill is that potentially two plans will be made available to that limited universe of people in Connecticut, municipal government employees or employees of nonstate government, which may me mean other entities, and nonprofit agencies. And so being limited to that small universe of people, these two options being made available to them potentially somewhat limits what choice they have. However, my concern is that the fully-insured plan needs to be fully vetted and this underlying legislation leaves a very important decision to one individual in state government and I believe that is not the right way to go. Through you, Madam President.

THE CHAIR:

Senator Boucher.

SENATOR BOUCHER:

Thank you, Madam President. I appreciate the answers.

THE CHAIR:

Thank you.

Will you remark further? Will you remark further?

If not -- yes, Senator Fasano.

SENATOR FASANO:

Thank you, Madam President.

Madam President, I rise to support the amendment for several reasons. First of all, I think what this amendment does is to bring back to the Legislature power that the underlying bill is taking away. What the underlying bill does, make no mistake about it, is it gives the sole authority to the comptroller to derive what insurance mechanism, policy, pooling, whatever you want to call it, we're going to have in the state of Connecticut not only for those who may enter the SEBAC agreement by virtue of the state plan, but totally separate pooling process, totally separate.

And what I heard Senator Crisco say is that all this has to be vetted through SEBAC. Think about that. Think about that. We, as the legislative body, sworn to the responsibility to our constituents to see fit that we see laws that we think are good for the state of Connecticut are going to be out of the process and the union

representatives are going to approve the process. Could you ever think of more of a backwards approach to state government? We usurped ourselves of that authority by this bill. Gone. And we're going to give it someone else to make that decision. That's irresponsible for us to do.

We are the Legislature. We must make these decisions. We may not like them, but we must make them, but turning around and saying let that agency do it, let that agency decide and then the union tell us if it's good is not good policy. We should vote in favor of this amendment at the very least to allow us just a little bit of input from our elected officials. Thank you, Madam President.

THE CHAIR:

Thank you.

Will you remark further? Will you remark further?

If not, Mr. Clerk, will you call for a roll call vote, and the machine will be open.

THE CLERK:

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

ordered in the Senate. Will all Senators please return to the chamber.

THE CHAIR:

Will you remark? Oh, I'm sorry.

Have all members voted? Have all members voted? Oh, well, the machine will stay open until Senator Daily comes. Have all members voted? If all members have voted, the machine will be closed.

And Mr. Clerk, will you call the tally, please.

THE CLERK:

Motion is on adoption of Senate Amendment Schedule "L," LCO 8501.

Total number voting	35
Necessary for Adoption	18
Those voting Yea	15
Those voting Nay	20
Those absent and not voting	1

THE CHAIR:

Amendment "L" fails.

Will you remark further? Will you remark further?

Senator Kelly, welcome back.

SENATOR KELLY:

S – 630

CONNECTICUT
GENERAL ASSEMBLY
SENATE

PROCEEDINGS
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It's good to be back, Madam President. I never left.

I'd just like to comment for the second time on the underlying bill. And I'm standing -- I'm not going to support the underlying bill for seven basic reasons. The first is that this is coming at a time when Connecticut families can least afford it. The bill will create more bureaucracy. As I stated, we're going to have the SustiNet Health Care Cabinet. We'll have the Office of Health Reform and Innovation, a special advisor to the Governor, the Connecticut Health Insurance Exchange, the Health Care Cost Containment Committee. And it comes at a time when, as I say, families in Connecticut are struggling.

At the beginning of the session, the Metro Hartford Alliance stated given the enormous obstacles to job retention and job growth, any legislation that is irrelevant to the vital work that is being done to balance the state budget should be postponed until the state is on solid financial ground. Any legislation that exacerbates those conditions by making our state less competitive, increases the deficit or expands the

size of state bureaucracy should be rejected on arrival by anyone who truly wishes to create jobs in Connecticut. Adding this partnership is costly at a time Connecticut can't afford it.

Number 2: It also comes at a time when the federal government has already acted and health reform in Washington is underway. For years we've heard that when Washington doesn't act, the states must, but now that Washington has acted, the states are going to do it anyway, or at least Connecticut is going to do it anyway.

Our Governor stated at the beginning of the session, quote, "For Connecticut to move beyond its current economic crisis, its budgetary crisis, we're going to need to make headway with our employees on returning to a sustainable system of compensation and benefit allocation, which brings me to my third point. And while we've heard discussion that there is no public option, there still is language in the bill that would allow the comptroller to create a fully-insured plan, which is the public option, which as the Governor himself has already stated is unsustainable. So at a time when our benefits to state employees are

unsustainable, when we have spent money and almost a billion dollars in new spending budget, we have the largest tax increase in Connecticut's history, we've bonded billions of dollars this past week, that the citizens in Connecticut are saying enough. And where do we draw that line? I say we drew it, you know, a few bills back but if we can't do it there, we should do it here.

Number 4 is merging the state employee plan with municipal employees. You know, the state employees already have health care. Municipal employees have health care and we're adding more people to the pool because to believe this is like Costco that if you give health insurance in bulk rate, you reduce the cost and trying boil the argument down to buying Cheerios when that's not how insurance is bought and sold. Insurance costs are based on risk and claims not the number of people. I would venture to say if we had ten individuals that were chronic care either in a long-term care facility or a hospital, that their health care costs are going to be greater than 100 18-year-olds who physically fit and never see a doctor. But to use the argument of the proponents

of the bill, they would have us believe that 100 18-year-olds is going to save money, but what if it's 100 in chronic care. If we went from 10 to 100, that's not going to save us money by adding more people to the pool. It's going to break the bank. And who is going to stand there to pick up the loss?

We offered a number of amendments to give the comptroller the ability to limit the exposure of the taxpayer. All of the amendments were rejected. None of them were approved. To give our state government the ability to protect the public fisc that the taxpayers sent us here to protect. I think by saying that buying insurance is like buying Cheerios is basically fools gold. We're promising something that really isn't there by just adding more people to a pool when, in fact, that's not the way insurance is bought and sold.

Fifth is the adverse selection. Once again, an amendment was offered to give the comptroller the ability to not allow adverse selection because if a nonprofit or a union could get cheaper insurance somewhere else they would do it, but when you can't get it cheaper somewhere else, you're

going to come to the partnership plan and the taxpayers are going to pay more. The ability of the comptroller to protect the plan, to protect the taxpayers, to give them a level of insurance was lost in amendment.

There are -- in six, there's no reserve claims to ensure that if premiums are not able to cover the cost of claims that individuals will still be insured and under the bill, the reserves will not exist and once again, when there is no reserve, it comes back to the taxpayer leaving the taxpayer, once again, under this plan, uninsured, which I find ironic.

And lastly, I believe that opening up the state employee plan has the potential to impact the plan status under ERISA and shouldn't we exercise that modicum of prudence that before we act to place the plan in jeopardy of an ERISA violation that we at least answer those questions to make sure that we don't instead of putting in the bill language that may give the comptroller the ability to cure the plan if we run afoul with ERISA. I think the taxpayers deserve our due diligence on that front.

So in all, I believe that when we look at this package, we need to look at it with a view of commonsense. We're creating additional government and more bureaucracy and incurring more costs when Connecticut families can least afford it. We are already paying for the expensive health care reform from Washington. Why do we need to pay for a second plan? Why don't we exercise caution and prudence and allow Washington to unfold and see what the ramifications of that are? In a day and age when we don't have the money -- I know the families in my district as they look around the kitchen table, they're separating wants from needs, and many of them can't afford the wants anymore and because of reduction in income and buying power, their needs aren't being met so they have to rework that. But I know that if they were given this choice to pay twice for something they've already paid for, they would say no, why would I do that. Why would I pay twice to the electric company if I'm already getting my electricity provided in another plan? At this juncture, it doesn't make sense.

We suffer from a poor economy, lack of jobs.

We have not created a net new job in Connecticut in 20 years, 20 years. That's a long time. And we suffer from chronic un- and underemployment in excess of 9 percent. Adding more government and cost doesn't ease the burden for our families whose buying power is being reduced by taxes, inflation, declining property values and increased gas costs. We need to focus on jobs and putting Connecticut families back to work and this bill is an expensive distraction from that all important purpose.

I urge rejection. Thank you.

THE CHAIR:

Thank you, Senator.

Will you remark?

Senator Crisco.

SENATOR CRISCO:

Thank you, Madam President.

I rise in tribute to the allegiance of people, some who are here in the gallery who set us on a path that became a trail. And started this embarkation maybe a week ago when we adoption Health Insurance Exchange, and we now have before us, from a positive perspective, a whole new concept in regards to improving health care in the

state of Connecticut, improving accessibility, and the opportunity to spend the state health care dollars more wisely. Those who have marched throughout the state for a couple years now have put on this trail of accomplishing something that will help all the people in the state of Connecticut, that will help state government and make us a leader in providing health care to the people of Connecticut.

Thank you, Madam President.

THE CHAIR:

Thank you, Senator.

Will you remark further? Will you remark further?

Senator Suzio.

SENATOR SUZIO:

Thank you, Madam President.

This is an issue about which I've thought long and hard. I happen to have -- the SustiNet people live in the city of Meriden, which is where I live as well, and that's a good fortune. I've had a number of meetings with them. They're good people. They're intelligent and articulate, and they're passionate. They believe in a noble cause and I

greatly respect them for that. I've had a number of meetings with them and they've given me a lot of information to think about.

I've researched the concept of health care and health care insurance costs and what drives them. What are the underlying dynamics? I think the SustiNet know -- because of the meetings I've had with them -- they know how serious I am about researching and studying things. I just don't do things superficially.

This version of the bill fails to measure up to the ideals and the ideas of health care reform and the SustiNet people themselves. It fails because it doesn't help those who most need health care insurance. Not one uninsured person in the state of Connecticut will benefit from the passage of this bill. There are many people that were around the capitol today and up in the gallery tonight and they wear shirts that say "Health Care for Everyone," but this bill adds health care for no one. If this bill passes, they may be, but it's going to be a hollow victory, a victory for no one that they advocate for. Even Juan Figueroa, the president of SustiNet, was quoted in the local

newspaper as saying, this bill fails to help out the other group that SustiNet was focused on and hoping to help out, small businesses. It's not going to help them at all.

So this bill fails, first of all, on the ideals advocated by the SustiNet people. It fails, also, to provide a sound basis for health care savings. The only way to get health care savings, according to the people who advocate this plan, is to pool all the insured together not to isolate them into little groups, but pooling everyone into one big group hurts the largest group of all, the state employees, and they know it. In a self-funded plan, premiums are driven by experience. And the largest usually has -- is the safest actuarially sound plan. When you start adding smaller groups to the plan, especially groups that are going to be attracted because it might be less expensive, they're generally speaking riskier. It's going to drive the claims experience in the plan, and therefore, it's going to eventually drive up the premiums paid for by state employees for their health care insurance.

It also fails because it fails to protect the

taxpayers who have to pay the lion share of health care benefit cost for state employees. Yes, state employees pay a share of it, but taxpayers pay, by far, the largest share. So when the cost of health care goes up, the taxpayers pay the disproportion share of it. It also fails because it's based on a totally erroneous assumption, bigger is better, bigger is cheaper.

I can tell you from my own experience. I am a self-employed person. My health care plan costs were just a little over $15,000 a year for my family plan. I now subscribe to the state family plan as a state employee. It costs me about 32 to 3300 dollars, but I checked with the Office of Fiscal Analysis. I said what does that plan really cost the state of Connecticut. They said the state share of the plan is $12,515, which means the cost of the entire plan is $15,800. It's actually slightly more expensive than my own self-insured plan in total. So bigger is not always better and bigger certainly is not always cheaper.

We owe it, we owe it to the voters and the taxpayers of Connecticut to vote on a plan that's based on reality. We don't need another

bureaucracy. And for what? Not one of the lofty noble goals of the SustiNet people is fulfilled by this plan. No uninsured people get added, not one person. Small business doesn't benefit. Why? Why are we pushing a plan that doesn't meet the goals of its most ardent and articulate and noble advocates?

My father said to me when I was kid, if you're going to do something, do it right. The goals of the SustiNet people are certainly noble and good goals, and in the long run, we should find a way to fulfill them, but this is not the right way. It's not doing it right. We're doing a disservice to the people of Connecticut, to the voters and the taxpayers of Connecticut, and even to those who the SustiNet people most ardently advocate for, the uninsured and those who cannot afford it.

We owe it to vote for the plan when it's ready to vote for and when it's done the right way and achieves the goals that it's intended to achieve. This is just a hollow shell. It's not worthy to be voted on in to best the night and I will not vote for it for that reason.

Thank you very much.

THE CHAIR:

Thank you, Senator.

Senator McLachlan.

SENATOR McLACHLAN:

Thank you, Madam President.

I stand in opposition to the bill. It is Senator Suzio who talked about the title of the bill did not seem to match, I believe, the substance of what was in the bill. I found it interesting to hear his comments about the state employee unions probably don't really like this idea very much, but I think the municipalities may not like this idea very much either and let me just share why I believe that to be the case.

There is a limited number of municipalities in the state of Connecticut who have a high risk pool. The cost of their health insurance is very expensive because, as all of us know here in the insurance capital of the world, insurance cost is based upon claims, not upon what this bill claims it to be. And so if you have a high-risk pool, you have high premiums. And so a municipality with a high risk pool is going to run to Hartford to jump into this pool. But another municipality of equal

size without a high-risk pool will not do that, because if they made that move it would be more expensive to local property taxpayers.

So I submit to you that this is opening up a side door to the state program and the only people that are going to come in the side door are the high-risk people that the plan really doesn't want necessarily if you are considering what state taxpayers will have to ultimately pay.

Now, granted health care reform needs to find ways to address high-risk uninsured residents of Connecticut, but this doesn't do that. I think, as Senator Suzio just said, all of the people affected by this bill, as best I can see, already have insurance and frankly, in most cases, they already have government employee insurance, which is, generally speaking, the best or the better of the best.

Having said that, another consideration of a municipality may very well be, what about their retirees? We have to consider what are calculations of the cost of health insurance for retirees. P.S., that's the high risk pool because of age, as we all know, the highest cost of health

care in the United States of America is for those at the end of the light spectrum, including retirees of government.

So what happens there? I don't believe that the underlying bill really takes into consideration those important points. What about opting out? If you decide as a municipality to participate in the plan and decide somewhere along the way that this was the wrong decision, how do you get out? That seems to be a problem.

And that's one of the problems that intertwines with the whole concern of a municipality, because if you listen to the discussion that occurred for several hours now, and a response from the proponent of the bill, that the content and the degree of programs that are available, fully-insured or risk pool is based upon positions of SEBAC, our state employee unions. That means that the state employee unions are negotiating their benefits. And that's right. That's what they should be doing. They should be negotiating their benefits. I agree they should have a vote on their benefits, but a municipality that enters this program, are they responsible for

the benefits negotiated with SEBAC? Does that mean that the new participants in the plan are now part of the super SEBAC agreement, which include SEBAC and any municipalities that enter this new program presented before us night?

The bottom line is that the title of the bill, Senator Suzio is exactly right. AN ACT CONCERNING HEALTH CARE REFORM is only reforming health care available to government employees. And the availability of this program to nonprofits in the footnote says, it must mean certain nonprofit health care human service providers that contract with the state or receive 50 percent of their funding from state and/or federal sources. Nonprofit employer also includes labor organizations. And if I'm not mistaken, labor organizations, up to recent time, have been big holders of health insurance plans.

So the dynamic is changing. This bill before us is opening up a wider net to collective bargaining. It's saying to us that the state employee unions rightfully -- and I agree -- rightfully negotiate their plans, but if we are going to open it up to others, then it is still the

state employees that are going to drive that negotiation.

So my point is this: A local municipality has collective bargaining agreements with their own employees, and if they choose to join this plan, they lose the ability to negotiate with their own collective bargaining units anything to do with health care, because that is going to be done through this process and that negotiation belongs to SEBAC.

So strategically for a chief elected official, I don't think it makes much sense for you to join this plan. And it certainly makes no sense to join the plan if it's more expensive. And it certainly makes no sense to join the plan if you know not what the calculations will be for retirees and what that portion will cost.

And what about the nonprofits who are not 50 percent funded by government contracts? Many -- I can think of a dozen or more nonprofits in western Connecticut who do have a contract with the state, but that may only be 20 percent of their total revenue, but they don't qualify. And frankly, the health insurance plans that they are

offering their employees now are probably a fraction of the cost of the state plans that will be made available to them. So it may be unaffordable for a nimble nonprofit agency to buy into this plan on a per-employee basis.

The intentions of this bill are important. The intentions of this bill are laudable, but it's falling short. And more importantly, when we, as the minority caucus, sought to offer some relatively simple amendments, one that I offered recently to ask the Connecticut General Assembly to stay in the decision-making process, we must -- we should stay involved in this very important issue facing Connecticut residents. We must not give up the authority for very important decisions to one individual in state government. Now, I'm not minimizing the talent of that individual in state government. I'm just saying that those important decisions are and should be the responsibility of the Legislature.

So I regret I'm unable to support this bill. I wish that those on the other side of the aisle would see that it's premature and needs much more work and I urge rejection. Thank you, Madam

President.

THE CHAIR:

Thank you. Will you remark further?

Senator McKinney.

SENATOR McKINNEY:

Thank you, Madam President.

I rise in opposition to the bill before us and will be brief. First, I want to associate myself with the remarks of Senator Kelly and applaud him on his good work on this measure, and highlighting some of the mistakes in it and some of the false promises. We are here debating what is called the SustiNet bill to all of us, but it effectively is a version of the pooling bill, which we have had before us for many years.

I guess for those -- you know, I met with a group of maybe 13, 14 people in Fairfield a couple weeks ago who sat down at First Church Congregational to talk about SustiNet and the idea of health care reform. And after about a half-hour of the discussion I felt the need to say, you know, you're talking about the original SustiNet public option for all. That bill is no longer really before the General Assembly. The Governor

indicated it was too expensive and we would not do it and this bill keeps the SustiNet name, and keeps the cabinet and one employee, but they were quite disappointed to learn that SustiNet, as we once knew it, was, for this year, dead and not going forward.

With respect to pooling, I don't object to pooling as a concept. In fact, Madam President, in prior years had voted for a plan that you had put together, which was a good idea, the MEHIP, the Municipal Employee Health Insurance Plan. But I think as we all came to realize and I was reading the OLR report and it talked about how the Municipal Employer Health Insurance Plan, MEHIP, currently provided health insurance for groups that are similar to those served by the partnership plan. And obviously, they would be eligible to go into the State pool. And I just want -- I highlighted something because it said, annual premiums for MEHIP -- and obviously, I know you know this very well as the former comptroller -- range from $3300 to almost $11,000 for individuals. It seems like okay, as Senator Suzio said his plan for a family was 15,000, but for an individual

$11,000 is a lot of money; 3300, more manageable.

But then it goes on to say that for family coverage, it's just over $23,000 to over $45,000. And so it struck me that that's the issue and that's the issue we are not addressing here. The cost of health care. Yes, some municipalities are going to join a staple because they've been at a higher risk. Their insurance premiums are higher than they can get in a state pool and they will join. There probably is some issues as to whether or not they can get out at a later date. There are some issues as to what happens to retirees depending on their contract. But this bill does not address the two fundamental problems we have to deal with in heath care.

Problem Number 1, there are anywhere in our state from 6 to 10 percent of people who have no health care insurance. We need to address that issue. Problem number two, for those that have health care insurance, for many, it's too expensive. So simply opening up a pool and putting more people into it is not going to dramatically bring down health care costs. Our state employee pool is run through a third-party administrator.

They have administrative overhead costs, and they happen to be private parties that have profit motives. Those are two parts of health care costs, but they are also the smallest two parts. The largest part, the most expensive part is your claims history.

That's why when Massachusetts engaged in health care reform years ago, one of the things that they did and one of the controversial pieces -- and it's a controversial piece whether it's federal health care or whether in the state of Connecticut, as we move forward -- is whether or not you mandate and require everyone to have a health insurance policy. Because when you look at that 6 to 10 percent who don't have health insurance, obviously you have some people who aren't employed. You have some people who are, you know, sole proprietors who can't afford on their own to afford it. You have people with pre-existing conditions and we should never deny people with pre-existing conditions health care coverage, and we've worked on that as a state.

But you also have a part of that group, a part of that 6 to 10 percent who are uninsured who are

some people between the ages of 18 and 24 -- 18 to 28, people who, perhaps that have college loans, perhaps maybe they are buying their first house and have a high mortgage and other debts. They tend to be healthier and think they are invisible. And given the tough times that we are facing and all the things they have to pay for, may opt not to pay for expensive health care.

If you bring those people into any pool you obviously will lower the cost because insurance companies love those people who are self-insured. Towns or states of 18-year-olds because they tend to be low-risk. So we need to be looking at lowering costs. We are going to debate probably tomorrow -- I know the House is debating it -- an implementor which is going to include parts of the SEBAC deal, which gets me to the value-based health care initiative in that deal, something that I thought we should have done for all people across the state of Connecticut.

Talking about medical and chronics disease management. These are the ways we are going to bring down health care costs. And I think in some ways -- I know, you know, as Senate president whose

fought for health care will talk about the good in this bill, and perhaps I'm ignoring some good, because I think we are missing the biggest point. And that is health care costs continue to rise and claims histories of individuals, whether you are in a small pool or a large pool, drive those costs more than profits, more than administrative costs.

There's a lot of problems with our insurance industries. There's no doubt about it and the fact that the practice of many is to reject the claim and then put the burden on the person making the claim to come back and prove that something should be covered, I find shameful.

But the reality is we still have to drive down costs. And this bill, as well-intentioned as it is, does not do that. And that's why I stand opposed.

Thank you.

THE CHAIR:

Thank you, Senator.

Senator Williams.

SENATOR WILLIAMS:

Thank you, Madam President.

I rise to support the bill, to thank Senator

Crisco, Senator Gerratana, all the folks in the Senate who have worked on this. Also Senator -- rather Speaker, we don't want to promote him -- Speaker Donovan in the House and those colleagues in House who have worked on this as well.

I'm reminded of that old saying, everybody complains about the weather, but nobody does anything about it. And occasionally, that strikes people as funny because folks realize, wait a minute. We can't really do anything about the weather. We complain about it, but we can't really do anything about it.

Well, everybody complains about the high cost of health care and a variety of other problems with our health care system. The wild price disparities, inefficiencies, and the allocation of resources that, quite frankly, doesn't make a whole lot of a sense. The difference here between this and that old expression about the weather is we can do something about it. We complain, but so often we act as if this is like the weather and we can't do anything. Or we are still when we do things -- and I'm thinking about the prescription drug added benefit in Washington DC that Congress passed a

number of years ago, where instead of looking at ways to save money, looking at models that existed like within our VA system and the Veterans Administration Health System, where they had used economy of scale, their purchasing power as a large collective to significantly bring down the cost of prescription drugs and be able to pass on those savings to veterans, instead of being able to use that economy of scale the Congress actually did just the opposite and said, you may not use the economy of scale. You must pay through the nose and add all those undue profits to the pharmaceutical companies.

You can't bargain like anybody else could bargain in a free-market were you've got the buying power and use that buying power as any other entity would in a free-market. They were prevented from doing that. And as a result -- and everybody knows the outcome -- spending billions of dollars that we didn't need to because we ignored obvious lessons in existing programs to get real savings.

What does this bill provide? It provides municipal partnership plans with the State. And what that really means is this concept of pooling,

allowing towns when it comes to their health care plans to join with the State and join with many other cities and towns across the state, on a voluntary basis if they want to. They don't have to. If they want to they can participate with other cities and towns, bring the economy of scale together for their benefit to help drive down administrative costs. Yes, it is like Costco. It is like those big discount places that use volume to reduce costs. That absolutely works. When you're talking about bringing down administrative costs, when you're talking about purchasing things like prescription drugs. We wish they had done that at the federal level. They did not.

But Senator McKinney is right as well, the partnership concept, the pooling concept by itself will not rein in health care costs to our satisfaction. It will reduce those costs. Make no mistake about it. That's why it's in this bill. That's why we ought to do it, but we can't stop there. That's why there's also the Office of Health Reform and Innovation in this bill. And part of their responsibility is to work at the state level with what is happening at the federal

level in terms of health care reform to make sure we don't miss the boat in Connecticut in terms of resources and in terms of crafting the best laws possible to get the greatest access to health care at the most affordable cost.

But they are also in charge of reform and innovation at the state level. And as Senator McKinney pointed out, issues such as chronic disease management are critical to long-term reduction of cost. And this office will help to apply that technique. And really, it's just preventative. It's making sure that if you've got some chronic disease of any sort that requires regular checkup, maintenance, certain prescription maintenance drugs, et cetera, that you have access to that preventative care, to that maintenance care, so that you don't wind up in the emergency room with critical care, incredibly expensive care that could have been avoided. That's the concept. And it works and I think it's something that both Democrats and Republicans agree on. So that is something that this office will work on along with other cost savings innovations in our health care system.

Then there is the SustiNet Health Care Cabinet. They are -- they are in place to develop strategies to increase access to our health care system. For those of us who have health insurance, we may wonder what's all the fuss about? You know, there's all that talk in Washington about health care reform and what will the bill that was passed by Congress recently really do? And what should we be doing at the state level? And what does it all mean? And who really cares, if we have health insurance already?

But if you are one of the more than 44 million people in this country, and hundreds of thousands here in the state of Connecticut who have no health insurance, or if you are part of the many more millions of people across this country, and probably a few hundred thousand more in Connecticut who are underinsured, who have incredibly high deductibles or who have policy exclusions for conditions that they have and will need treatment for, and therefore, have no health insurance, then you care about these issues very deeply, because quite literally your life is on the line. That's what this is about, increasing access to a health

care structure in the United States of America when almost every other industrialized country in the world provides this kind of access.

Now, we are talking about studying ways. Folks have talked about, well, is there a public option in here? No. There's not a public option. For better or worse in this bill, there's a process to evaluate the feasibility of a basic health program option or public option. I would say, unfortunately, we don't have that kind of option in this plan right now. Fiscal resources are part of the problem.

I would also point out that we already have a public option in a state of Connecticut. Most of the people who've been here for a few years in this circle, Democrats and Republicans voted for it. It's called Charter oak. A public option proposed by a Republican governor. I like the name Charter Oak. It's a good name. I like the name SustiNet. It's a good name, too. And the goal of SustiNet and Charter Oak is the same, to increase affordable access to health care for people in the state of Connecticut.

So the SustiNet Health Care Cabinet will

advise us on how to increase access and future; provide recommendations. They will evaluate the feasibility of some basic health program option for the State of Connecticut in the future. I don't think it goes far enough, but it's what we can afford today and has important.

But what we need to long term is to not only just complain about the poor state of health care, the lack of access, the wasting of resources, the most expensive health care system in the world and yet we leave millions and millions and millions of people uninsured throughout this country, to stop complaining about it and to start doing something about it because we can. And this bill very significantly begins that process.

Thank you, Madam President.

THE CHAIR:

Thank you, Senator.

Will you remark further? Will you remark further?

If not, Mr. Clerk, will you call a roll call vote and the machine will be open.

THE CLERK:

An immediate roll call vote has been ordered

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

THE CHAIR:

Have all members voted? Have all members voted? If so, the machine will be closed.

Mr. Clerk, will you please call the -- oh. No. No.

Ladies and gentlemen, please calm down.

Mr. Clerk.

THE CLERK:

Motion is on passage of House Bill 6308 in concurrence with the action in the House.

Total Number voting	36
Necessary for adoption	19
Those voting Yea	14
Those voting Nay	22
Those absent and not voting	0

THE CHAIR:

The bill is passed.

Okay. All right. You can't do that. Okay.

So at this time, is there points of personal privilege or announcements?