



STATE OF CONNECTICUT

INSURANCE DEPARTMENT

Testimony Insurance and Real Estate Committee March 5, 2020

House Bill 5018: AN ACT CONCERNING HEALTH CARE COST GROWTH IN CONNECTICUT

Senator Lesser, Representative Scanlon, Senator Kelly, Representative Pavalock-D'Amato and members of the Insurance and Real Estate Committee, thank you for the opportunity to submit testimony in strong support of the Governor's bill, HB 5018.

The core mission of the Connecticut Insurance Department is consumer protection. The Department carries out its mission by enforcing State insurance laws to ensure that policyholders and claimants are treated fairly, and by closely monitoring the financial condition of insurance carriers to make certain that they are solvent, appropriately manage risk, and are able to pay policy claims as they arise.

The Insurance Department fully supports HB 5018. This bill will help ensure that the rate of growth in health care costs will better compare to other societal cost trends. Over the past 15 years, health care costs have grown by 77 percent while wages have grown 21 percent. This bill will provide a framework that will not only address healthcare cost growth through the codification of the Governor's Executive Order 5, but also address the high costs of prescription drugs through the Canadian Prescription Drug Reimportation Program established in sections 10-15.

This bill will also codify the Insurance Department's Stop-loss Bulletin HC-126 in sections 16-22. The Department's bulletin has often been referred to as a national standard by both industry and other insurance departments. The bulletin provides regulatory guidance and clarity on stop-loss insurance policies. Stop-loss insurance provides another option to small employers and on average costs 10 percent to 20 percent less than fully insured alternatives.

Specifically, sections 16-22 will:

- Identify minimum attachment points and aggregate attachment points and set forth formulas for these attachment points;
- Identify items that will not be allowed in practice;
- Identify situations when only laserling may be used and puts limits on such usage; and
- Differentiate between active and retiree stop-loss products.

The Insurance Department believes this bill will address concerns expressed by consumers across the state. The Department is happy to continue working with stakeholders to ensure Connecticut's consumers have access to reasonably priced healthcare while also providing protection options for small employers.